



Anti-Corruption Program

Funded by USAID and implemented by ARD Inc

FINAL REPORT

ASSESSMENT STUDY ON CORRUPTION AT THE NORTHERN CORRIDOR TRANSIT POINTS

(BASELINE STUDY)

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ACRONYMS AND ABBREVIATIONS

CFA:	Clearing and forwarding agent(s)
CMA	Customs Management Act
CO:	Customs official(s)
DRC:	Democratic Republic of Congo
EALA	East Africa Legislative Assembly
EME:	Emerging Markets Economy
FEAFFA:	Federation of East Africa freight Forwarder Association
KPA:	Kenya Ports Authority
NCTA	Northern Corridor Transit Agreement
NCTTCA:	Northern Corridor Transit Transport Coordination Authority
PSIP:	Public Sector Integrity Programme
TA:	Tax administration
TI:	Transparency International
TP:	Transit point
UNCTAD:	United Nations Conference on Trade and Development
UoN:	University of Nairobi
UONDC	United Nations Office on Drugs and Crime
USAID:	United States Aid for International Development
WCO:	World Customs Organization

Pic. 1 Kanyaru border post



Pic. 2 Gisenyi-Goma border post number 2-Pour lours



Pic. 3 Rusumo border post



Pic.4 Gatuna border post



EXECUTIVE SUMMARY

Background

The Steadman Group on behalf of USAID carried out this study during the month of May 2007. The main objective of the study was to examine the state of corruption from the perspective of Clearing and Forwarding Agents (CFAs) as well as customs officials, with a view to identify possible improvement areas for the industry. Transit points in Kenya, Tanzania, Uganda, Rwanda, Burundi and DR Congo were covered and findings are representative of the Northern Corridor as well as the various transit points. In writing this report, we sought to represent the collective views of the study participants, with limited analysis of their responses, in order to allow readers to draw their own conclusions.

Following the conclusion of the study, USAID, together with Steadman carried out dissemination of the findings. The first phase entailed executive presentations to the stakeholders, comprising FEAFFA representatives from the region as well as USAID representatives. This was carried out on the date 15th September 2007 - (Refer to the Discussion in the conclusion section of this report). The second phase involved media release across the study countries, organized in conjunction with FEAFFA affiliate associations in respective countries. These findings provide baseline data for guidance in the policy arena as well as providing a base against which to measure achievements of future anticorruption strategies.

Method

The study methodology involved a desk review, a quantitative face to face interview with 223 CFAs picked from 14 transit points along the Northern Corridor, and semi-structured interviews with 20 front office customs officials drawn from the same points.

Findings

1. Attitudes and perceptions about corruption

Delays and insufficient services are considered to be the major constraints in conducting cross-border business, with the issues of delays and high taxation considered to provide the greatest opportunities for bribery. When it comes to the link between corruption and specific customs procedures, it is clear that the processes entailing declaration and valuation are the processes which are most prone to corruption. Broadly, corruption is perceived to pervade the entire public border services, with the Customs and Port Authorities, nonetheless, viewed to be the most corrupt departments.

When it comes to execution of bribery schemes, it is apparent that most bribery incidences - (33%) tend to be initiated by public officials, while just over one-quarter (27%) tend to be initiated by the

CFAs. The amount payable as bribe is largely based on consignment value roughly half (56%) of all corruption incidences. Regarding payment, it is evident that bribes are mostly paid beforehand in about 39% of the incidences, and in about one-quarter of the incidences (23%), after the deal. In asking for bribes, public officials tend to mostly operate solitary (35%) and 25% in collaboration. Most often than not, clients are aware about bribes or intention to bribe, with results showing that 51% of all the agents inform their clients and a further 36% inform some of their clients. Concerning billing for the bribery sums, 46% of the CFAs levy the sum within the service fee, while 44% charge clients separately for the amounts involved.

Regarding reporting corruption, majority of the CFAs (62%) would know where to report, while a third 34% do not know where to report. The Police and Anti-corruption Authorities are the most likely bodies to report to. 28% of the CFAs indicated they would not report incidents of corrupt with the main reasons cited as fear of victimization and the fact that it is useless to report (32%).

Overall, 52% of the CFAs felt that over the past two year period corruption at the transit points has been on the decrease. 7% felt it is increasing, while 40% felt stayed the same. These positive perceptions are shared across four countries, with the exception of Tanzania where only 36% are of the opinion that corruption is decreasing.

2. Incidence based assessment of corruption

The average number of days it takes to clear goods show wide variations across both country and transit points. At the country level, Tanzania accounts for the longest clearance duration, averaging 5 days. Across transit points, average clearance duration range from a low of 1 day average to 11 days average. Dar-es-Salaam port accounts for longest duration of 11 days.

Overall, approximately 33% of all the shipments were subjected to delay. Tanzania records the highest delays, showing that an estimated 52% of all the shipments cleared within its borders experienced delay. Across transit points, delay incidence ranged from a low of 6% at Goma to 97% at Akanyaru.

Revenue loss, a significant feature of corruption, is distinctly evident in Tanzania, Uganda and Kenya. Uganda records the highest revenue loss per transaction, an average of US\$ 3,024, while Tanzania and Kenya record averages of US\$ 1,813 and US\$ 1,289. Across transit points, the loss per transaction ranged from a low of US\$ 730 at Malaba to US\$ 3,787 at Busia. As a whole, however, Uganda is exceptionally likely to register the highest, (well over US\$ 48,000 per 100 consignments). Across transit points, Mutukula is likely to register highest aggregate loss - (amounting over US\$ 80,000 per 100 consignments).

When it comes to corruption, results show that incidence of bribery ranged from a low of 15% in Kenya to 59% in Tanzania. On the whole, 28% of all the shipments were subjected to bribery. Across transit points, incidence of corruption ranged from a low of 10% at Mombasa to 65% at Dar-es-Salaam. Regarding the amount of bribe paid, Mombasa, Busia, Horohoro and Dar-es-Salaam registered the lowest rates – (below US\$ 30), while Mutukula and Goma registered the highest – (US\$ 101 – 150). On aggregate, however, the total amount of money paid as bribe is likely to be highest in DRC - US\$ 4,779 (per 100 consignments), while across transit points, Holili is likely to register the highest amount in total - US\$ 4,530 (per 100 consignments). The main reason for paying bribe was to expedite clearance, with motor vehicles/machinery category goods, being the most prone to bribery. It is apparent that Customs officials are overall the most involved in corruption, recording a score of 50%. Across officials' ranks, results show that middle level officials are on the whole the most involved in corruption - 55%.

3. Customs Officials' opinions

It is apparent that the issues of inadequate staff as well as facilities have to a great extent hindered the effective provision of customs services at the border stations. Most customs officials feel that the most urgent concern that needs to be addressed is the issue of infrastructure/facilities. Regarding problems customs officials experience when dealing with CFAs, most cited the issue of incompetence among the agents. Concerning the internal mechanisms available for handling CFAs complaints, the most common way involves forwarding the issue to the superiors.

A reasonable number of customs officials feel that corruption is a problem at the border stations. Solutions offered in addressing this include improving remuneration of customs officials; sensitize/educating CFAs on corruption and heavy penalties for corrupt officials

4. Opinions on corruption reduction measures:

Overall, we observe relatively low ratings for the suggested measures, with the level of agreement to the suggested measures ranging from 27% to 40%, suggesting that CFAs only fairly perceive the given measures to be effective. It is apparent, overall, the measures perceived to be most effective are those that are largely geared towards policy approach to addressing corruption.

- Changing policies and procedures that promote corrupt practices (49%)
- Regular anti-corruption meeting that bring together police, immigration, customs and private operators (49%)
- Establishing strong relationship between service providers and operators (44%)

CHAPTER 1

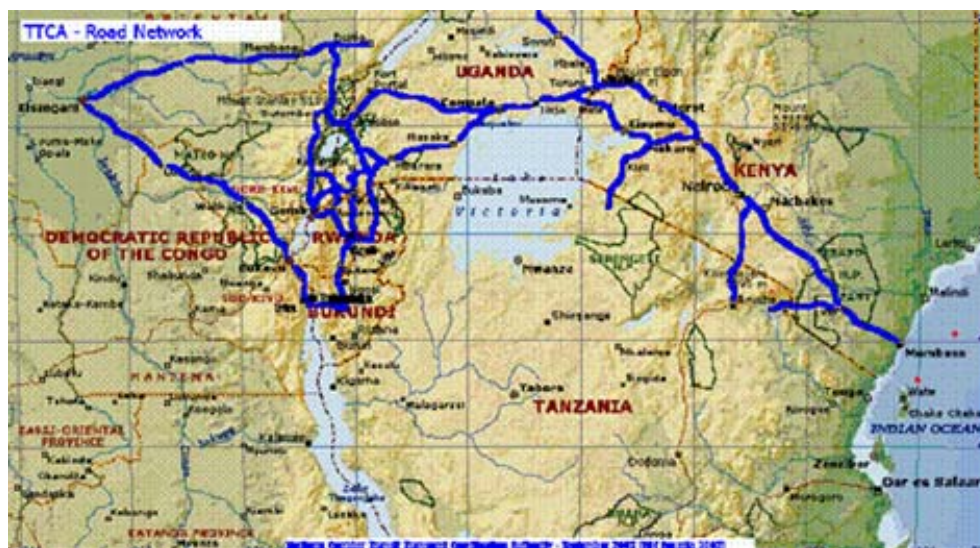
INTRODUCTION

1.1 Background

The Northern Corridor - made up of road, rail and pipeline networks - is the transport corridor linking the Great Lakes countries of Burundi, D. R. Congo, Rwanda and Uganda to the Kenyan seaport of Mombasa and serves Northern Tanzania, Southern Sudan and Ethiopia¹, providing an essential economic lifeline to the countries in the region.² This corridor is governed through the Northern Corridor Transit Transport Coordination Authority (NCTTCA), which was created in the mid-1980s. The functions and mandate of the Authority are stipulated in the transit agreement, ratified by the member countries. The issue of corruption along the Northern Corridor road network is a significant concern to the governing Authority, who estimate that some 40% of resources are spent on corrupt practices with the resultant loss in statute revenue. One of the most evident net macro-economic effects of this practice is the increasingly poor road infrastructure.

The study, upon which this report is based, was commissioned to assess views on and the extent of corruption along the northern corridor and its impact on trade and transportation of goods within the region. The road transport network was singled out for particular attention as it covers approximately 7000 km and carries an annual traffic load estimated at 1.7 million vehicles.

Map 1: Representation of the Northern Corridor road infrastructure.



Source: Transit Transport Coordination Authority of the Northern Corridor

¹ NTTCA Secretariat (2004): Investment opportunities in the Northern Corridor with emphasis in transport infrastructure.

² UNCTAD (2003) The landlocked countries of Uganda, Burundi and Rwanda are commonly linked to the sea by two transport corridors, namely the Northern Corridor through the port of Mombasa and the Central Corridor through the port of Dar-es-Salaam; pg 4.

1.2 Research Objectives

This study focused on corruption at various transit points along the Northern corridor based on the experiences of clearing and forwarding agents (CFAs). Further, it was designed to obtain empirically reliable estimates on the degree (perceived and actual) of corruption along the Northern Corridor so as to provide baseline indicators against which to measure and evaluate the efficacy of future anti-corruption interventions.

The specific objectives were to:

- Assess the degree and extent of corruption in terms of incidence and frequency.
- Establish the cost of corruption in terms of amounts paid as bribes.
- Establish reasons for paying a bribe (low tax, faster processing, less paper work, etc)
- Establish category of goods most prone to corruption

The report will address the following questions and seek to produce numerical baseline indicators:

- 1.Extent and frequency of bribery incidences
- 2.Amounts paid and the factors which determine the amounts paid as bribes
- 3.Instigators of and reasons for bribing
- 4.Ways in which payments are made
- 5.Points of the process payments were made
- 6.Length of time it took to receive the service
- 7.Officials involved in corrupt practices
- 8.Average duration required for clearance of goods
- 9.General attitudes towards corruption
11. Suggestions for reducing/ eliminating corruption at transit points

1.3 Research Methodology and Sampling

The research was designed to provide *evidence based* insights upon which to advance decisions about ways of addressing the problem of corruption at transit points along the Northern Corridor and to establish robust benchmark indicators against which future progress can be measured. The study had three main components; a desk review, a quantitative survey with clearing agents and semi-structured interviews with customs officials.

1.3.1 Desk review

This comprised a review of similar studies to guide the overall research design and question formulation. Of particular interest was the TI Assessment of Public Sector Integrity Program at the KPA (Kenya Ports Authority) 2002 which captured some similar variables.

1.3.2 Quantitative survey among clearing agents

The reference target group was the CFAs who operate within certain points on the Northern Corridor road network. Ideally for the sampling frame, number of “shipments/consignments” per week across each transit point would have been the basis of distributing the interviews across the various transit points. However, these statistics were not readily available, and therefore the points were stratified as ‘busy’, ‘moderately busy’ and ‘slow’ with the intention of having a minimal of 40 shipments tracked at each point. Table 1.1 indicates the sample achieved, in terms of number of agents interviewed, number of consignments tracked as well as transit points captured.

The points were agreed after numerous consultations with the key stakeholder. There are many other transit points within the northern corridor that were not included after a triangulation of *costs* (costs of collecting the data) and volume of transactions (number of shipments per week). A 45 minutes structured instrument (*See appendix I*) with both open and closed questions was used with the CFAs. It was two faceted; firstly it dealt with overall experience and general perceptions towards corruption. Secondly, it tracked the last 5 consignments within the last two weeks’ and probed on the actual experience for each. Convergence of these two approaches provides a basis for analysis based on total respondents and, total transactions. The instrument was translated into Kiswahili, French, Kinyarwanda and Kirundi, the languages used for interviewing at the various transit points

1.3.3 Customs officials interviews

As an add-on to the CFAs interviews, 20 customs officials (COs) were interviewed as a means of exploring the “demand side” of the transactions by focusing on the customs officials’ experience with the agents. Interviews were carried out randomly across a selection of front office customs officials at the various transit points. A semi-structured instrument which was translated accordingly was used.

Table 1.1 Sample achieved

Sampling Point	Location/border	Category	No. of CFAs interviewed	No. of shipments tracked	No. of COs interviewed
Mombasa	Kenya	Busy	20	100	2
Dar-es-Salaam	Tanzania	Busy	40	200	-
Bujumbura	Burundi	Busy	18	90	-
Malaba	Kenya/Uganda	Busy	11	55	2
Busia	Kenya/Uganda	Busy	27	135	2
Kanyaru	Burundi /Rwanda	Moderate	6	30	2
Gatumba	Burundi/DRC	Slow	2	10	1
Holili	Kenya/Tanzania	Moderate	17	85	2
Horohoro	Kenya/Tanzania	Moderate	11	55	1
Namanga	Kenya/Tanzania	Busy	19	95	2
Gatuna	Rwanda/Uganda	Slow	15	75	2
Mutukula	Uganda/Tanzania	Busy	16	80	1
Goma	Rwanda/DRC	Moderate	18	80	2
Rusizi	Rwanda/DRC	Slow	5	25	1
Total			223	1115	20

1.3.4 Field execution and interviewer training

Following two-day training and briefing, interviewers then carried out a one day pilot which was the basis for reviewing and amending the final instruments. Interviewers were then assigned to the various transit points where they identified agents who were waiting for consignments to be cleared or who were waiting to log documents. We targeted this group as opposed to those that had completed the process, as they were likely to be in a hurry to run to other errands. At border transit points, a conscious effort was made to pick agents from both sides of the border hence ensuring good cross-section. Appointments were then booked for a confidential interview at an appropriate and convenient location. They were then interviewed in their preferred language.

1.3.5 Fieldwork challenges

Three main challenges were evident: -

1. At some of the smaller border points CFAs operate on both sides of the border – thus reducing the target population available and eligible for interview resulting in fewer than expected number of achieved interviews at the smaller border points. We sought to achieve 300 CFA but only managed 223. It is thus important to recognize that the resulting sample may have some deficiencies in terms of being representative of certain points and countries, notably D.R Congo
2. Given the sensitive nature of the subject of corruption, some respondents were unwilling to take a stand on certain questions resulting in high non-response for some questions. This is despite the consistent reassurances to the interviewees on study confidentiality.

1.3.6 Data analysis and organization of the report

The data was analyzed using SPSS³ and tables generated formed the basis for reporting. Cross tables and figures have been used to illustrate the findings. Cross tabulations are based on country comparisons and in some instances on both country and transit points. Two bases have therefore been used consistently in the report; base of all CFAs interviewed (N=223) and base of all transaction tracked from the experience of CFAs (N=1,115). Accordingly, chapters 3 and 5 are based on the ‘respondent’ sample, while chapter 4 is based on the ‘shipment’ sample.

We take note that analysis of the respondent sample across ‘country’ sub-group cannot allow for satisfactory degree of statistical reliability owing to the small sample sizes, particularly for DRC. Findings at country level are therefore indicative as opposed to conclusive. Analysis of the 10 points scale rating questions was based on the composite score. This entailed aggregating the points into three levels - bottom box (1-3), middle box (4-7) and top box (8-10).

1.3.7 CFAs sample profile

³ SPSS – Statistical Package for Social Science used for data processing

The profile of the 223 CFAs is as indicated below, only 12% were female, a core baseline indicator as the programme seeks to increase the number of female CFAs. The majority (87%) have qualifications in clearing and forwarding without necessarily connoting professionalism.

Table 1.2 Socio-demographic profile of CFA respondents (N=223)

No. of years of conducting business at transit point		No. of years as CFA	
1 to 5 years	41%	1 to 5 years	50%
6 to 10 years	33%	6 to 10 years	30%
11 to 15 years	9%	11 to 15 years	8%
16 to 20 years	8%	16 to 20 years	5%
21 to 35 years	3%	21 to 50 years	2%
Not indicated	6%	Not indicated	5%
Status in company		Gender	
Employee	89%	Male	88%
Owner	6%	Female	12%
Not Indicated	5%		
Age Group		Qualifications in clearing and forwarding	
18 to 24 years	6%	Have qualification	87%
25 to 34 years	52%	Do not have qualification	8%
35 to 44 years	32%	Not Indicated	5%
45+ years	8%		
Not Indicated	2%		

1.3.8 CFAs' Profile in Terms of Size of Business

Profile of respondents in terms of number of consignments cleared reveal that most of the agents (43%) handle volumes that range 1 and 5 consignments per week.

Table 1.3 Profile of CFAs in terms of size of business

Transit point	Sample	Number of consignments cleared per week								
		1 to 5	6 to 10	11 to 20	21 to 30	31 to 40	41 to 50	51 to 100	101 to 520	Not indicated
Total	223	43%	19%	17%	4%	1%	2%	3%	5%	6%
Dar-es-Salaam	40	20%	28%	35%	8%	5%	3%	0%	0%	3%
Busia	27	48%	7%	4%	7%	0%	4%	7%	4%	19%
Mombasa	20	55%	15%	25%	0%	0%	0%	5%	0%	0%
Namanga	19	0%	42%	47%	5%	0%	0%	0%	0%	5%
Bujumbura	18	17%	11%	11%	0%	0%	0%	11%	44%	6%
Holili	17	76%	18%	6%	0%	0%	0%	0%	0%	0%
Mutukula	16	81%	19%	0%	0%	0%	0%	0%	0%	0%
Goma	16	50%	6%	0%	0%	6%	6%	13%	0%	19%
Gatuna	15	20%	7%	40%	13%	0%	7%	0%	0%	13%
Malaba	11	27%	64%	9%	0%	0%	0%	0%	0%	0%
Horohoro	11	91%	9%	0%	0%	0%	0%	0%	0%	0%
Akanyaru	6	100%	0%	0%	0%	0%	0%	0%	0%	0%
Rusizi	5	80%	0%	0%	0%	0%	0%	0%	0%	20%
Gatumba	2	0%	0%	0%	0%	0%	0%	0%	100%	0%

1.3.9 CFAs' Profiles in Terms of Value and Nature of Consignment

The transit points depict wide variations in characteristics, as illustrated by the tables below on the nature and value of consignments.

Table 1.4 Value of consignment

Transit point	Sample	US\$ 1 to 1,000	US\$ 1,001 to 10,000	US\$ 10,001 to 50,000	US\$ 50,001 to 100,000	Above US\$ 100,000
Dar-es-Salaam	40	5%	58%	31%	2%	4%
Busia	27	8%	44%	34%	8%	8%
Mombasa	20	2%	25%	60%	8%	5%
Namanga	19	12%	55%	27%	5%	1%
Bujumbura	18	6%	35%	34%	4%	21%
Holili	17	12%	63%	23%	1%	0%
Mutukula	16	18%	48%	32%	1%	0%
Goma	16	41%	53%	7%	0%	0%
Gatuna	15	20%	56%	12%	5%	7%
Malaba	11	15%	62%	23%	0%	0%
Horohoro	11	7%	71%	20%	2%	0%
Akanyaru	6	80%	20%	0%	0%	0%
Rusizi	5	38%	52%	10%	0%	0%
Gatumba	2	10%	30%	40%	10%	10%

Table 1.5 Nature of consignment – value & type

Transit Point	Sample	Motor vehicle / machinery	Textile and leather	Food products	Petroleum	Electronics	Hardware	Office & households	Perishables	Chemical products	Other
Dar-es-Salaam	40	58%	16%	2%	0%	6%	3%	3%	2%	2%	10%
Busia	27	23%	12%	10%	32%	4%	4%	7%	1%	1%	7%
Mombasa	20	26%	18%	6%	0%	8%	14%	11%	6%	6%	5%
Namanga	19	9%	11%	14%	3%	3%	19%	20%	14%	7%	0%
Bujumbura	18	0%	33%	11%	0%	9%	6%	20%	7%	1%	13%
Holili	17	56%	5%	8%	2%	7%	6%	8%	5%	1%	1%
Mutukula	16	24%	31%	21%	0%	6%	9%	5%	0%	0%	4%
Goma	16	24%	14%	11%	6%	6%	13%	14%	4%	0%	9%
Gatuna	15	7%	12%	27%	3%	1%	20%	1%	7%	0%	23%
Malaba	11	29%	25%	2%	0%	4%	11%	13%	7%	4%	5%
Horohoro	11	15%	4%	27%	0%	0%	24%	7%	22%	0%	2%
Akanyaru	6	0%	20%	37%	0%	3%	0%	0%	3%	0%	37%
Rusizi	5	36%	16%	12%	0%	4%	0%	0%	0%	0%	32%
Gatumba	2	0%	20%	30%	0%	0%	20%	30%	0%	0%	0%

CHAPTER 2

DESK RESEARCH FINDINGS

This section of the report examines corruption at the Northern Corridor road network, based on information obtained from secondary data sources (which include online sources). The Northern Corridor accounts for four landlocked countries (Rwanda, Uganda, Burundi and DR Congo), with Kenya and Tanzania providing the main sea gateways to these countries. Two transit corridors link the landlocked countries to the Sea gateway, namely the Northern Corridor to Mombasa, and the Central Corridor to the port of Dar-es-Salaam (UNCTAD, 2003).

The geographical characteristic of landlocked countries means that they incur higher costs in respect to transportation of goods and at the same time experience and lower volumes of trade. The costs are increased substantially due to the cumbersome customs transit procedures, notably high bond deposits, bribery and long delays (Arvis J. F, 2005). This is aggravated by the fact that the extra distance involved is overland rather than through the ocean, with overland travel being more expensive than ocean travel (UNCTAD, 2000b).

2.1 Infrastructure and Transit Facilities of the Northern Corridor Network

Roads transport - Road transport is the dominant mode of transport in the region, accounting for about 75% of the Northern Corridor surface transport of cargo (UoN, 2002). However, road transport is also the most burdensome transport mode; the major difficulties linked to this mode include poor maintenance conditions, numerous police checks at various road blocks and weigh bridges for freight vehicles (especially in Kenya), bribery and corruption and insecurity of cargo (UoN, 2002). Further, road transport is characterized by high cost of transit services, which include port charges, container, demurrage, storage, communication, banking, insurance, etc. (UNCTAD, 2003).

Table 2.1: State of the road infrastructure in the Northern Corridor

Country	Paved (km)	Unpaved (km)	Total
Burundi	320	36	356
DRC	721	1,920	2,641
Kenya	1,196	0	1,196
Rwanda	814	0	814
Uganda	1,042	657	1,669
Total	4,093	2,613	6,706
Percentage (%)	61%	39%	100%

Source: TTCA Secretariat

Border points - Border and other en-route transit facilities at these points, such as vehicle parking areas, are generally lacking or in poor condition. The main concern is for the development of such facilities where they do not exist and upgrading the existing ones (UNCTAD, 2003). Many border posts in the region lack modern border facilities. The poor infrastructure at the Customs entry points cannot support a fully fledged Customs Union (UoN, 2003).

Sea Ports - The key ports serving the NC countries are the ports of Mombasa and Dar-es-Salaam. Notably, container handling capacity at the two is duly overstretched as they are operating at full or close to full capacity (UNCTAD, 2003). The issue of delaying containers in the ports owing to poor communication and clearing systems by the ports is a cause of concern among the business community. Notably, demurrage charges are often levied on the delayed cargo affecting business and punishing the cargo owners. There is therefore need for improving container-handling capacity through conversion of conventional berths and/or extension of container terminals.

2.2 The Issue of Delays

The process of customs clearance is characterized by delays. Delays are attributed to a combination of factors, ranging from insufficient facilities to lengthy documentation requirements. For example, delays at the Mombasa port are brought about by lengthy and bureaucratic documentation processes and KPA's inefficient and inadequate loading equipment. On the other hand, delays at the border posts of Malaba and Busia, largely occasioned by the lengthy documentation processes and large number of officials involved in goods verification, with each of them taking their own time to undertake the exercise, either separately or along with only a few officials present. Customs officials at Busia, however, cited lack of computers among the causes of delay - (UoN, 2002).

2.3 Corruption and Bribery

The fact that corruption remains an integral part of life and doing business, across all the NC countries examined, is exemplified by scores of below 3 (out of 10) on the TI - 2006 corruption perception index – CPI. The rates in the CPI emerged as follows:

Table 2.2: CPI countries rating on corruption

Country	CPI rating
Kenya	2.2
Tanzania	2.9
Uganda	2.7
Rwanda	2.5
Burundi	2.4
DR Congo	2.0

The above figures generally illustrate that the public institutions in these countries are perceived to be both widely and severely compromised in terms of involvement in corruption. Notably, the UN Office on Drugs and Crime (UNODC)⁴ ranks **tax** and **customs administrations** to be among the most corruption prone government agencies. According to the study, clearing and forwarding agents would be motivated to bribe on the basis of the following reasons:-

- Faulty documents (wrongly filled or inadequate documents)
- Over loading
- So as to avoid inspections and verification of documents
- Token of appreciation for services provided

2.4 Main Concerns in Respect to the Operations at Border Posts and Ports

Report of the Committee on Communication, Trade and Investment of the East Africa Legislative Assembly (EALA)⁵, revealed various issues of concern with regard to the operations of the customs border points and ports in the region. The substantive issues highlighted, which are of relevance to this study included:

Lack of Customs Management Act (CMA) Regulations – It is apparent that, although the CMA is in force, the Act has not been effectively implemented due to lack of regulations to ensure proper enforcement, with many people remaining unaware of Customs Management Act and the benefits of the Customs Union. The regulations are listed under *protocol 3* of the Northern Corridor Transit Agreement (NTCA), and contains among other aspects, provisions regarding duties and taxes, customs security, sealing of transport units, specification of transport routes and rules for mutual assistance between customs authorities along the corridor (UoN, 2002). According to EALA, this forces Partner States to use national laws, thereby contravening the very principle of the Customs Union. It is apparent that many of the transport policies, regulations and procedures have not been harmonized (UoN, 2002).

Documentation – The provisions related to transit documents to be used are detailed under *protocol 4* of the NCTA (UoN, 2002). The main challenges emerging from the EALA fact finding mission, in respect to the issue of documentation were that: there were too many forms or documents required to be filled, the forms were too complex leading to misunderstanding and lack of proper coordination of documentation between the various departments handling the documents.

⁴ www.unodc.org - Forum on Crime and Society, vol. 3, Nos. 1 and 2, December 2003

⁵ The findings are based on the report of Committee on Communication, Trade and Investment of the East Africa Legislative Assembly, following a fact finding mission of the major customs border posts and ports in east Africa, in July 17th – 29th, 2006.

Non-Tariff Barriers (NTBs) - EALA found out that Non Tariff Barriers (NTB)⁶ continue to be a stumbling block to the Customs Union. In line with EALA report, the University of Nairobi study findings reveal weigh bridge stations and police check-points as the major NTBs. Results indicate that weigh-bridges and police check-points are the leading NTBs along the Northern Corridor, with as illustrated in the table below (UoN, 2002).

Table 2.3: Frequency of Non-Tariff Barriers in the Northern Corridor

Non-Tariff Barriers	Frequency	Rating
Weigh bridges and police check-points	30	100%
Bureaucracy in clearance procedures	24	80%
Corruption and rent-seeking	19	63%
Monopoly by big firms	14	47%

Corruption and Bribery - There is general concern that corruption affects trade and the implementation of the Customs Union. That corruption has become the norm among both public officials as well as citizens was apparent from the findings, which established that corruption and bribery was rampant at all border posts and entry points and these involved corrupt custom officers demanding bribes as well as traders inducing customs officials to accept bribes. Notably, this in some instances occurred due to lack of awareness of the law and fundamental rights by the citizens at the border points. For example, small traders at the Mutukula border were made to part with certain amounts of cash at the discretionary of Immigration and/ or Customs officers.

Poor Infrastructure – The poor state of the surface transport (roads and rail transport systems) mean the goods take longer to get across the border. Further, it was noted that some of the border posts lack essential infrastructure facilities. This concern is illustrated by the fact that there is no electricity at the border points of Namanga and Mutukula and this means that operations continue to be manual, which hampers efficiency (EALA, 2006).

Administration of Bonds – It was noted that the return and cancellation of Bonds by the Revenue Authorities takes a long time, thereby delaying clearance. This is largely attributed to poor tracking systems and the use of manual systems to clear goods. Challenges in Computer software often results in failure by the authorities to capture vital information including location of the transit goods on the highways across borders and their arrival to final points of destination.

⁶ NTBs consist of all barriers to trade that are not tariffs.

2.4.1 Recommendations

A brief summary of recommendations towards enhancing the efficient operations and service provision at the transit points include: advanced by EALA include the following measures:

Dismantling Non Tariff Barriers - There is need to have in place a mechanism to monitor and dismantle NTBs, which basically provide barriers to trade.

Enhanced Computerization - Computerization is important to enable the Customs Union to be more efficient. To create an efficient transit transportation network, the major players in the transportation chain, i.e. shippers, customs officials, clearing agents, and transporters need to cooperate and to share desirable information. Adequate information network will allow importers and exporters to track the movement of their goods (UNCTAD, 2003).

Improved Infrastructure - EALA recommends a holistic approach to improvement in infrastructure – roads, railway, ICT, ports, aviation network, and energy, giving priority to all border centres. There is also need to speed up construction of a joint verification centre for Customs officials, Police, Immigration, and Bureau of Standards officials to ease flow of goods and revenue collection. Better infrastructure will make the Customs Union more functional.

Centralized Revenue collection - EALA recommends for a centralized collection of revenue at the ports of entry, as the Customs Union becomes fully operational which is likely to ensure efficiency in revenue collection, reduce fraud, improve economies of scale, and eventual erasure of the bonds systems. It however noted that this must be in tandem with computerization and tracking systems, internal tariffs and harmonization of taxes. The suggestion is to first start by setting up Partner States' desks at their counterparts' offices, towards initializing the process. The Revenue Authorities may for example set up desks at the Mombasa and Dar es Salaam ports to assist in collection of revenue for goods destined for the hinterland.

Anti-corruption measures - Education and training on anti-corruption should be held, while encouraging business people to co-operate more with the revenue authorities and be honest in declaring the value of goods.

Documentation – There is need to provide adequate copies of publications at all border posts. The Government Printers could prove useful in mass production of necessary EAC documents for circulation to the publics. The use of websites to download information is also vital although this is linked to availability of power at the border posts.

CHAPTER 3

PERCEPTIONS ABOUT CORRUPTION

This chapter assesses views on corruption from the perspective of clearing and forwarding agents (CFAs). It looks at the constraints the agents face and how these contribute to corruption, correlation between customs procedures and corruption, effects of corruption on cross-border business as well as corruption rating of public services. The base for analysis is the 223 CFAs involved in the study.

3.1 Factors Enhancing Corruption

What Constraints do Agents face in clearance of goods?

The study sought to examine the CFAs' perceptions on factors that present the biggest constraints in clearance of goods at the transit points (TPs). First, an open-ended question was asked in order to assess issues emerging at the spontaneous level. Notably, delays (40%), insufficient services (45%), corruption (31%) and high taxation (19%) record the highest ratings, in that order.

Respondents were further presented with a listing of probable constraints and asked to say which ones presented the greatest challenge, based on a scale ranging from 'very big problem' to 'not a problem at all'. Table 3.2 depicts the proportion that rated the issues 'very big' problem. Likewise, the issues of delays (63%) and insufficient services⁷ (60%), high taxation (54%) and corruption (53%) elicit the highest ratings. Country differences show that in Kenya, Tanzania and DRC, delays and insufficient services are the key concern. In Uganda, the main issues of concern are delays and high taxation, while in Rwanda; it is insufficient services and high taxation.

Table 3.1: Issues faced while clearing goods at borders/port (prompted)

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
Delays/Slow processing of documents	63%	79%	76%	62%	18%	46%	56%
Insufficient services (i.e. personnel, facilities)	60%	60%	40%	74%	74%	48%	44%
High taxation	54%	42%	74%	64%	65%	24%	11%
Corruption	53%	53%	51%	73%	9%	52%	33%
Complicated documentation procedures	51%	58%	42%	73%	30%	20%	22%
Too many officials involved in approval of documents	47%	39%	47%	65%	13%	28%	100%
Too many documents required	43%	26%	42%	68%	22%	20%	89%
High bond requirements	41%	56%	40%	36%	13%	56%	11%
Lack of necessary documentation by CFAs	36%	33%	37%	33%	26%	56%	33%

⁷ Insufficient services would include lack of enough personnel, material and facilities, likely to hinder for effective provision of services.

To What Extent do these Constraints Enhance Corruption?

In seeking to establish the extent these constraints are likely to provide an opportunity for corruption, respondents were asked to rate the level each issue is likely to attract bribery, based on a 10 point scale where 1 stood for ‘attracts the least’ and 10 stood for ‘attracts the most’. Going by the composite score (top box points 8, 9 and 10) to represent a positive correlation, it is apparent that the issues of high taxation (41%) and delays (39%) in general, provide the greatest opportunity for corruption. Country differences show that in Kenya, the issue of ‘delays’ is deemed to provide the greatest opportunity for corruption. In Uganda, the two issue of ‘high taxation’ and ‘delays’ record the highest ratings in this respect. In DR Congo, results show that, ‘too many officials involved in approval of documents’ provide the greatest opportunity for corruption.

Notably, Tanzania appears to depict relatively strong correlation across the highest number of variables, suggesting that virtually any impediment encountered is an opportunity for corruption. On the other hand, Rwanda, Burundi and DRC, show markedly low ratings across the variables, suggesting a mild link between any impediment and corruption.

Table 3.2: Correlation between clearance constraints and corruption

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
High taxation	41%	21%	63%	62%	26%	20%	0%
Delays/slow processing of documents	39%	43%	50%	49%	20%	16%	6%
Insufficient services (personnel, facilities)	35%	26%	35%	59%	26%	16%	0%
Too many officials involved in approval of documents	34%	23%	35%	58%	13%	12%	44%
Too many documents required	32%	19%	35%	55%	22%	16%	0%
Complicated documentation procedures	31%	32%	28%	53%	17%	0%	0%
Lack of necessary documentation by CFAs	22%	23%	26%	32%	13%	4%	0%
High bond requirements	17%	18%	16%	24%	22%	0%	0%

What is the Correlation between Specific Customs Procedures and Corruption?

Respondents were presented with 6 customs procedures and asked to rate the extent each is prone to corruption, based on a 10 point scale where 1 stood for ‘not at all prone’ and 10 stood for ‘extremely prone’. Table 3.3 depict the composite scores (top box points 8, 9, and 10), representing those who thought a given procedure was prone to corruption. Among the 6 procedures, it is evident that *declaration* (41%), *valuation* (38%) and *bond* (33%) are the procedures most prone to corruption. At country level, Tanzania shows the strongest agreement to this view. In Kenya, *declaration* is singled out as the procedure most linked to corruption, while in Uganda, *declaration* and *bond* show the most distinct correlation. In Burundi, *acquittal of bond* is the most linked to corruption. As can be noted, Rwanda, Burundi and DR Congo show fairly low ratings, suggesting low or virtually no correlation between the respective procedures and corruption.

Table 3.3 Correlation between customs procedures and corruption

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
Declaration	41%	40%	47%	59%	17%	24%	0%
Valuation	38%	28%	37%	71%	9%	12%	0%
Bond	33%	23%	47%	59%	4%	4%	0%
Acquittal of bond	16%	11%	28%	23%	13%	41%	0%
Verification of bond	14%	14%	21%	17%	9%	8%	0%
Change of regime	11%	16%	12%	14%	4%	4%	0%

* Rwanda and DRC depicts ratings largely based on middle box and bottom box scale points, suggesting little or no direct association between specific customs procedures and corruption.

What is the Main Cause of Corruption?

The study sought to establish the main cause of corruption through an open-ended question - “What in your view is the MAIN cause of corruption at this border point?” The issue of delays (27%) was further re-emphasized from responses to this question. Other notable factors cited were ‘meager pay’ (21%) and ‘sheer greed’ (16%). Country results show that in Kenya, Uganda and Tanzania, delays likewise elicit the highest rating, recording – (30%, 49% and 21% respectively). However, in Rwanda, Burundi and DR Congo, the issue of ‘meager pay’ records highest ratings – (26%, 64%% and 78% respectively).

Table 3.4: Main cause of corruption at transit points

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
Delays	27%	30%	49%	21%	17%	12%	11%
Meager pay public officials receive	21%	16%	5%	11%	26%	64%	78%
Sheer greed	16%	23%	7%	17%	17%	16%	11%
High taxation	9%	0%	16%	18%	4%	4%	0%
Incompetent agents	7%	14%	5%	6%	0%	4%	0%
Poor supervision	3%	4%	5%	3%	0%	0%	0%
Lack of required documents by CFAs	3%	2%	7%	5%	0%	0%	0%
Others	4%	4%	2%	3%	13%	0%	0%
Not mentioned	10%	9%	5%	17%	22%	0%	0%

Respondents were consistently inclined to particularly rate the issues of delays, insufficient services and corruption as the major clearance constraints. Results demonstrate predominant concern regarding the issue of delays, giving no doubt that, across all transit points; this is the main issue in need of improvement. Given that delays provide a major opportunity for corruption, we can rationally deduce that streamlining clearance is to a reasonable extent likely to lower the level of corruption.

3.2 Attitudes Towards Corruption

Is Bribery a Cultural Thing?

The study sought to gauge the general attitudes towards corruption in terms of the extent to which different corrupt practices are likely to be deemed acceptable. Respondents were asked to respond to a set of statements, based on a scale ranging from ‘strongly agree’ to ‘strongly disagree’. Table 3.5 presents the aggregate proportions among those who either mentioned that they ‘strongly agree’ or ‘somewhat agree’ with a given statement. As can be noted, results suggest a general broad acceptance of corrupt practices, demonstrated by fairly high scores - above 50% across all statements. Country differences, however, show that some practices are considered more acceptable in certain countries as compared with others.

The view that; *‘public officials are so poorly paid that they have no choice but to ask people for extra payment’* seems to find relatively high acceptance in DRC and Burundi - (89% and 72% respectively). This is followed by Kenya and Uganda, which record moderate ratings - (58% and 56% respectively). The view that; *‘paying a bribe to public officials or doing favours for them is the only way to get things done’* seems to find considerable acceptance in Tanzania - (75%), with the other countries recording relatively lower ratings (below 50%). Concerning the view that; *‘corruption is a culture, so deeply-rooted culture that it is impossible to eliminate it’*, results likewise depict substantially high ratings in respect to Tanzania (80%), followed by Uganda, which record moderately high ratings - (60%). When it comes to the question of *‘giving a token of appreciation’*, Kenya and Uganda show the highest inclination towards acceptance of this practice - recording 79% and 77% respectively. Notably, DRC shows the least inclination towards the same.

Table 3.5: Level of agreement with practices associated with corruption

% Saying "strongly /somewhat agree"	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
Public officials are so poorly paid that they have no choices but to ask people for extra payment	52%	58%	56%	44%	13%	72%	89%
Paying bribes to public officials or doing favours for them is the only way to get things done	51%	44%	49%	75%	18%	40%	33%
Corruption is a culture, so deeply rooted that it is almost impossible to eradicate it	52%	35%	60%	80%	35%	28%	44%
It is ok to give a token of appreciation for a job well done	59%	79%	77%	46%	47%	44%	0%

Taking note of the relatively high levels of endorsement for the above statements, it is apparent that practices, typically corrupt actions have all the time more found acceptance and tolerance among CFAs as means of achieving a task.

3.3 Corruption Rating of Public Institutions

Six public institutions were examined; these were: Customs, Police, Port authorities, Quality control, Food and plant health and Immigration. A 10-point scale question was used to elicit response, in regard

to level of involvement in corruption, where 1 stood for not involved at all and 10 for extremely involved. Table 3.6 presents the composite scores (based on top box points 8, 9, and 10) to stand for the proportion who thought a given department is involved in corruption. Results suggest a predominant opinion that corruption pervades all the border services, although at varying degrees of involvement. It is, however, perceptible that Customs and Ports authorities are overall viewed the most corrupt departments - (39% and 35% respectively), while immigration and Food/plant health, the least corrupt – (17% and 18% respectively). Country differences show fairly wide variations in the level different institutions are perceived to be involved in corruption. In both Kenya and Uganda, Customs and Police are viewed the most corrupt, while in Tanzania; we observe that Port authority and Customs are perceived to be the most corrupt. In Burundi, Port authority is fairly linked to corruption – (24%). Rwanda and DRC show markedly low link between the public institutions and corruption.

Table 3.6: Corruption rating of public institutions

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
Customs official	39%	49%	44%	55%	4%	8%	0%
Port authority officials	35%	32%	33%	59%	4%	24%	0%
Police officers	26%	37%	40%	26%	4%	4%	0%
Quality control officials	26%	16%	35%	42%	4%	16%	0%
Food/plant health officials	18%	18%	26%	26%	0%	8%	0%
Immigration officials	17%	21%	35%	17%	4%	0%	0%

** Respondents in Rwanda, Burundi and DRC were more inclined towards mentioning the middle – box scores.*

3.4 Execution of Bribery Schemes

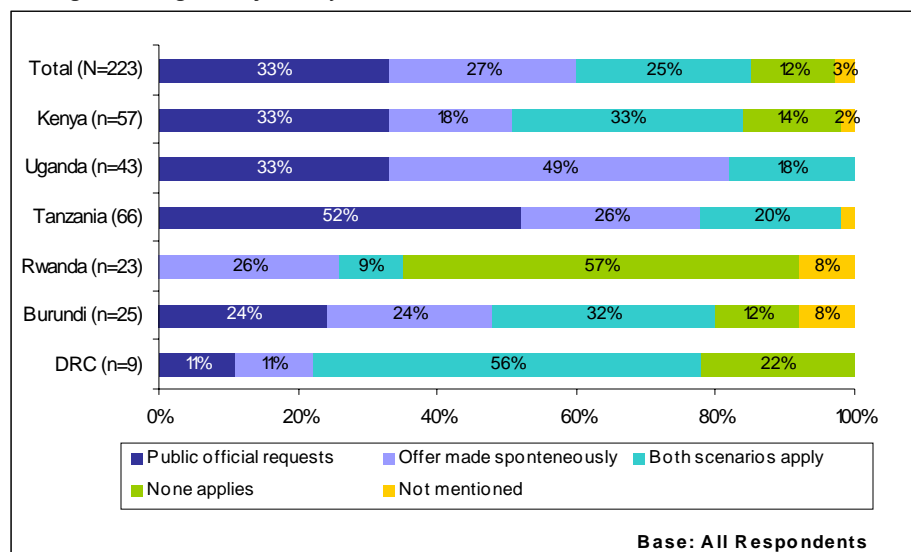
This study sought to examine the general pattern of executing bribery schemes with a view to addressing the following questions: Who instigates the bribery transaction? How is the amount of bribe determined? When is the bribe paid? How many officials are paid? Do public officials work in collaboration in asking for bribe? Are the clients aware? And how is the money billed?

Who instigates the bribery transaction?

Regarding instigation of bribery, it is apparent that, on the whole, bribery incidences are slightly more likely to be initiated by public officials as it is by CFAs (33% against 27% respectively). On the other hand, in one quarter of the incidences (25%), either party is likely to make the first move. Country results show that in Kenya, bribery is almost twice as likely to be initiated by a public official as it is by CFA – (33% against 18% respectively). In Uganda, bribery is mostly initiated by the CFA as compared with public officials (49% against 33% respectively). On the other hand, in Tanzania, public officials are twice as likely as CFAs to initiate bribery (52% against 26% respectively). In Burundi, both public officials and CFA tend to initiate bribery equally - (24% in each approach). In DR Congo, instigation of

bribery largely remains an ‘open affair’, with the results demonstrating a high inclination to either party making the first move – (56%). Notably, in Rwanda, we observe relatively high proportion who mentioned ‘none applies’ (57%), suggesting that nearly two-thirds of all clearances tend to be bribery free. Nonetheless, where bribery is experienced, it is more to be initiated by the CFAs - about one-quarter of the incidences – (26%).

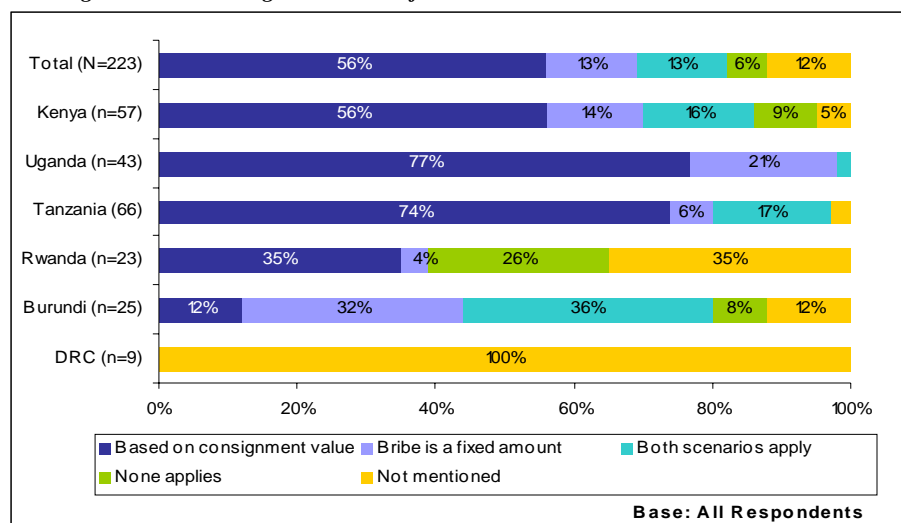
Fig. 3.1 Instigation of bribery



It is apparent that citizens are as much at fault as public officials when it comes to promoting corruption; demonstrated by the fact that bribery is almost as likely to be initiated by the agents as it is by the officials – almost one-third of bribery incidences in both instances.

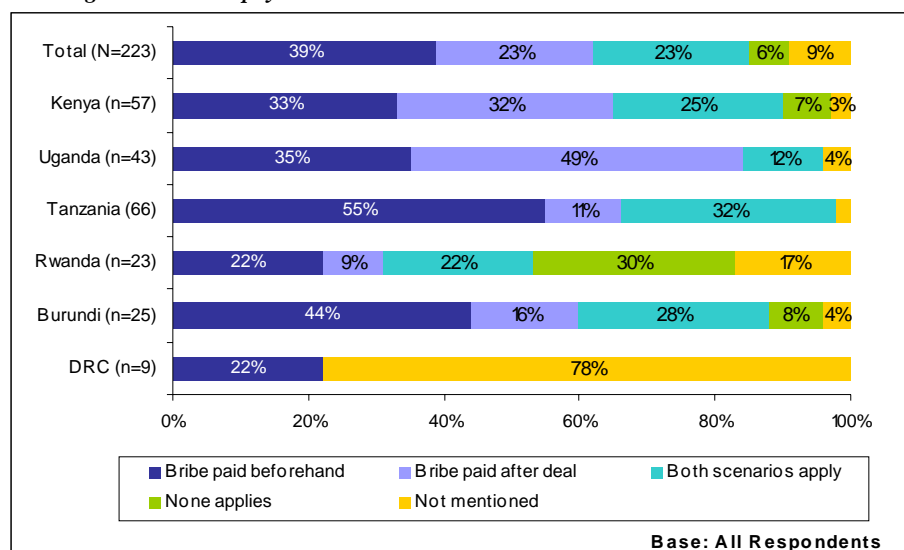
How is amount of bribe determined?

As presented in fig. 3.2, it is apparent that the amount payable is predominantly determined on the basis of the consignment value - 56%. Country differences show that this view accords well with Kenya (56%), Uganda (77%) and Tanzania (74%) and Rwanda (which nevertheless depict markedly low rating - 35%). On the other hand, in Burundi, the amount paid is a fixed sum in roughly one-third of the incidences (32%), and in another 36% of the incidences either approach may be used to determine the amount.

Fig. 3.2: Determining the amount of bribe

When is the bribe paid?

It is perceptible that most bribery incidences involve prior payment – (39%), while about one-quarter (23%) entail paying after the deal. Likewise, in about one-quarter of the incidence (23%), payment is open to either approach. Country results show that in Tanzania and Burundi, payments for the most part are made before hand – (56% and 44% respectively), but are also reasonably open to both approaches (32% and 28% respectively). In Uganda, however, most incidences largely involve paying after the deal – (49%) and slightly more than one-third, paying beforehand (35%). In Kenya, both approaches equally apply - about one-third (32%) in either. In Rwanda, about one-fifth (22%) of all incidences involve prior payment, with a similar proportion open to both approaches. We similarly observe that in DRC, about one-fifth (22%) of all incidences involve prior payment (despite large proportion of ‘not mentioned’).

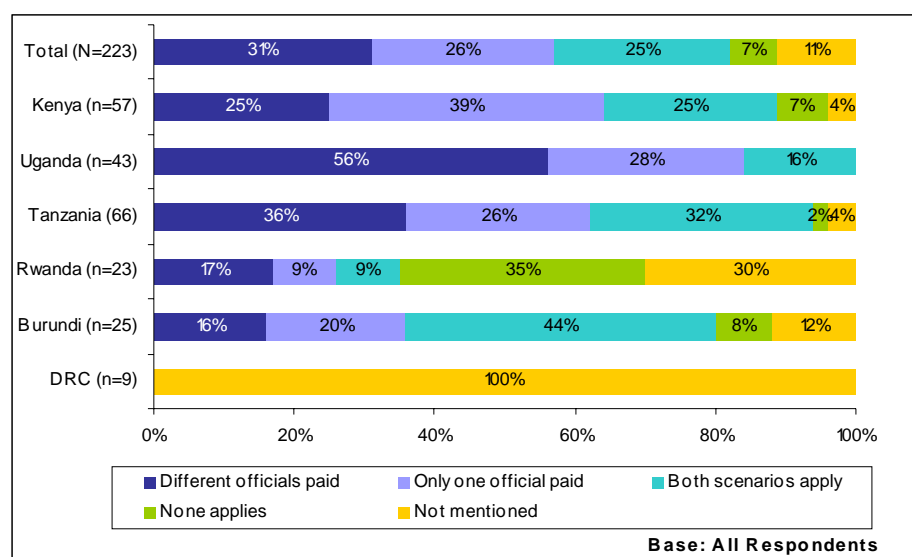
Fig. 3.3: When to pay the bribe

‘After-the-deal’ mode of payment is likely to suggest the existence of an established relationship between an official and CFA. Rationally, ‘after-the-deal’ payment arrangement largely relies on mutual trust and existing relationship between the two parties.

How many officials are paid?

Overall, it is evident that bribery incidences more often than not require that each official encountered is paid (31%). However, about in one-quarter of the incidences, only one official is paid during the clearance process – (26%). In another one quarter of the incidences, either of the approaches may apply – (25%). Country differences show that, in Kenya, bribery mostly involves paying one official (39%), while one-quarter of the incidences (25%) involves paying different officials. In Uganda and Tanzania, payments are mostly involve paying different officials - (56% and 36% respectively) and only one official in just over one-quarter of the incidences (28% and 26% respectively). In Burundi, it is apparent that the bulk of corruption incidences largely remain ‘open’ such that either approach may apply - (44%). Incidences that involve payment to one official are evident in one-fifth of the incidences - (20%), while payments to different official are limited to fairly small number of incidences – (16%). In Rwanda, we see that payments mainly involve one official – 17% of the incidences.

Fig. 3.4: Number of officials paid

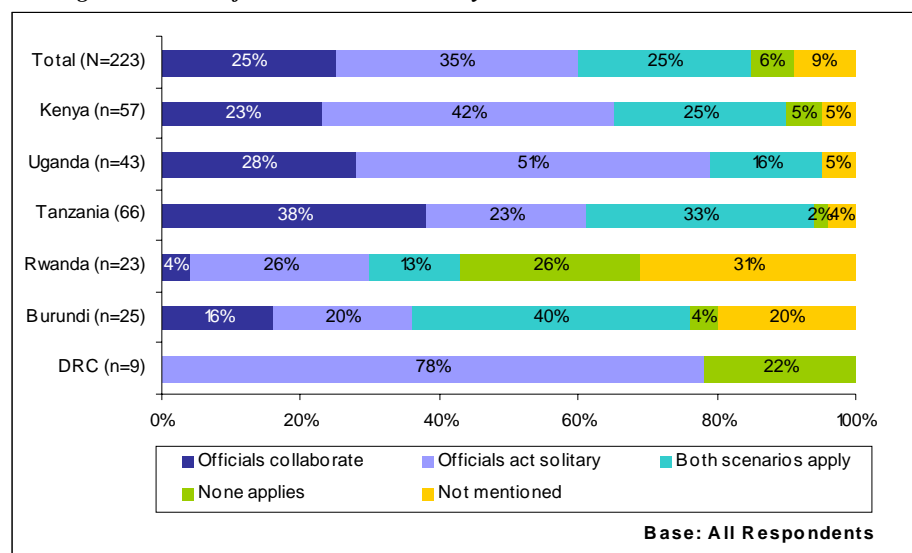


Do officials work in collaboration in asking for bribes?

As fig. 3.5 reveals, public officials more often than not tend to act independently when it comes to asking for bribes, evident in just over one-third of the incidences – (35%) and collaborate in one-quarter of the incidences - (25%). We further observe that in another one-quarter of the incidences, the mode of operation is open to either approach – (25%). Country differences show that solitary mode of operation is the most widespread. This is evident in respect to Kenya (42%), Uganda (51%), and Rwanda (26%) and overwhelmingly in DR Congo (78%). Tanzania, however, depicts an exception, where it is evident

that public officials, more often tend to collaboration - (38%). In Burundi, we observe relatively high propensity to use either mode of operation – (40% of the incidences).

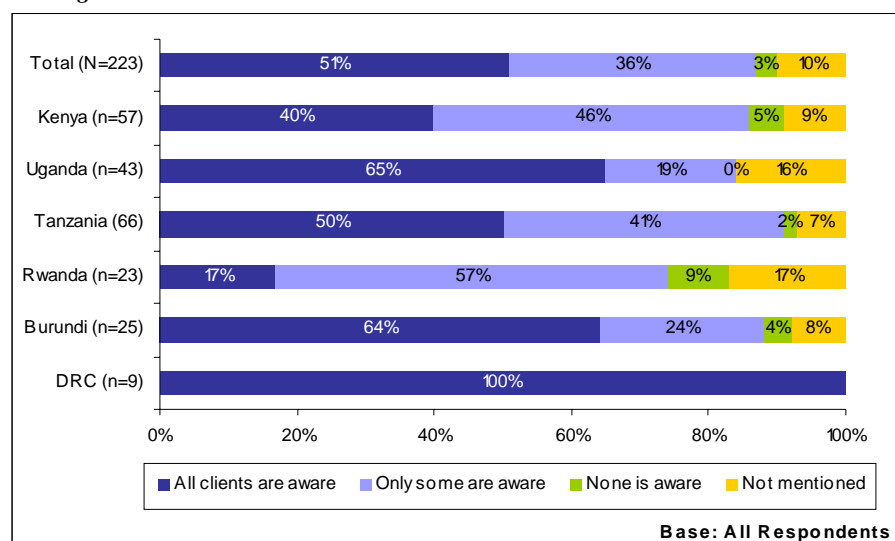
Fig. 3.5: Extent of collaboration in bribery schemes



Are the clients aware?

As depicted in the fig. 3.6, results demonstrate that for the most part, clients are aware about bribery. Half of CFAs (51%) inform the all their client and a further 36% inform some of the clients. Notably, only minimal proportions (3%) do not inform any clients at all. Country differences accord well with this view (with the exception of Rwanda). It is evident that most CFAs do inform all their clients. Uganda, Burundi and DR Congo recording the highest ratings in this respect - (65%, 64% and 100% respectively), while Kenya and Tanzania, record moderately lower ratings (40% and 50% respectively). In Rwanda, however, majority of CFAs tend to inform only some of the clients – (57%) do to inform only some of the clients – (57%), while only 17% inform all the clients.

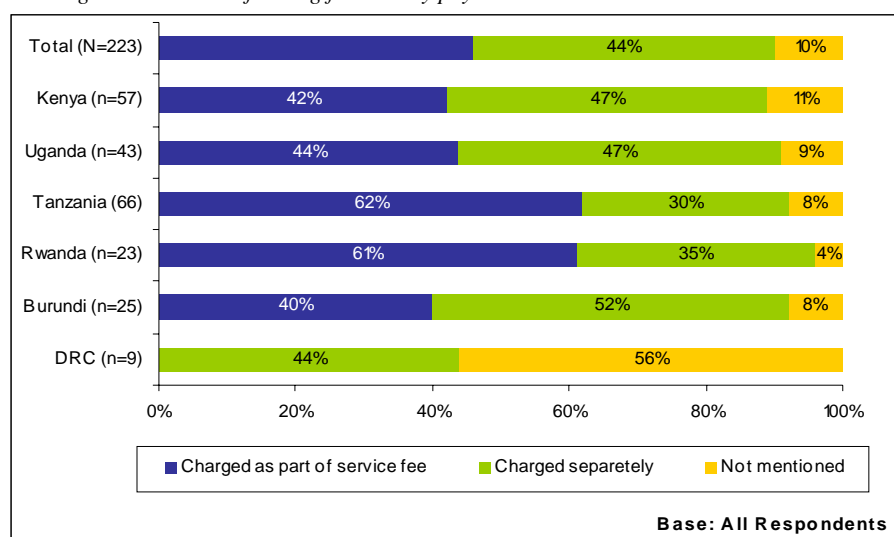
Fig. 3.6: Extent clients are aware about bribes



How is bribery money billed?

When it comes to method of billing for bribery money, results show that CFAs have a fairly balanced inclination towards two billing methods: 46% of the CFAs levy the sum within the service fee, while 44% charge clients pay separately for the amounts involved. Country differences show that, in Tanzania and Rwanda, payments, more often than not, CFAs tend to bill the client within the service fee - (62% and 61% respectively). Kenya and Uganda show reasonable inclination towards using the two approaches equally, while in Burundi, CFAs, slightly more often, tend to charge for the sums involved separately (52% against 40%). In DR Congo, it is perceptible that CFAs largely pay separately - (44%), despite the high proportion of not mentioned.

Fig. 3.7: Methods of billing for bribery payments

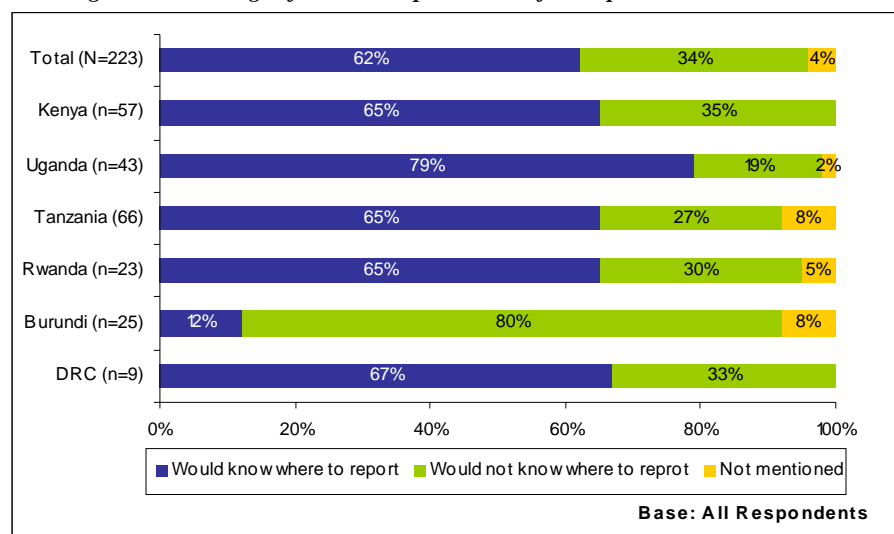


Results give credence to the view that bribery is accepted, not just by the CFAs but also clients, who perceive the practice as the norm in transacting clearance. Notably, about half of all clients are not only aware about the bribery or the intention to bribe (as depicted in fig. 3.6), but they do consciously participate by paying, with 44% making separate payments towards the same (as depicted in fig. 3.7).

3.5 Reporting Cases of Corruption

Would you know where to report a case of corruption?

In response to the question, “Would you report a case of corruption?” a modest majority (62%) answered in the affirmative. It is, however, worth noting that a reasonable proportion of the CFAs, a proportion of just over one-third - (34%), would not effectively know who to address in order to report a case of corruption. Country differences depict a comparable picture, with the results showing that majority of CFAs across all countries – (apart from Burundi), would know where to report. Notably, in Burundi, only about one-tenth (12%) answered in the affirmative, a proportion that makes for a pale comparison with the other countries, which record ratings above 60%.

Fig. 3.8: Knowledge of where to report a case of corruption

Where would you report?

Respondents who indicated knowledge of where to report were further probed as to where they would report such a case. The most outstanding jurisdictions mentioned were police (32%), anti-corruption authority (28%) ports/customs management (17%). Country differences show that in Kenya, Rwanda and Burundi, anti-corruption structures appear to inspire the greatest confidence in respect to seeking redress on corruption, registering - (62%, 87% and 67% respectively). In Uganda and DR Congo, we observe strong inclination towards seeking redress from the police system, registering – (76% and 84% respectively). In Tanzania, a considerable majority (78%) would be more inclined to seek redress from the management of the respective port or border station.

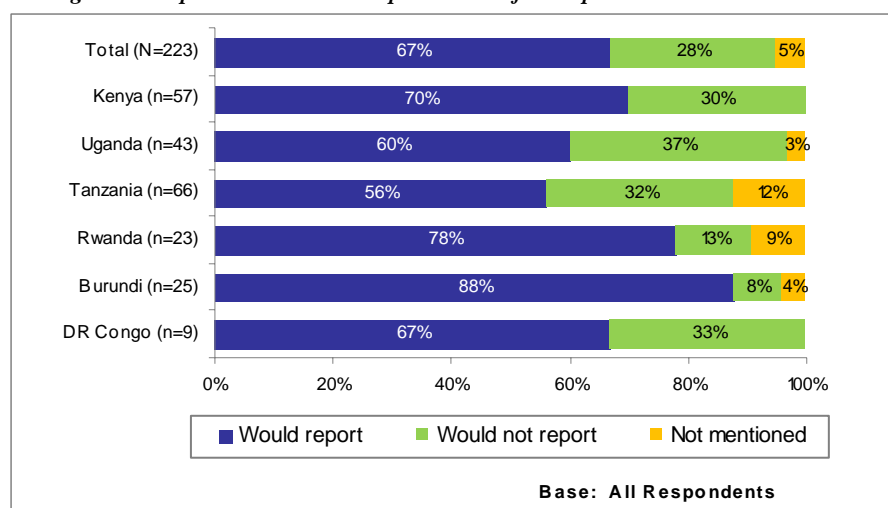
Table 3.7: Where to report a case of corruption

	* Total n=138	Kenya n=37	Uganda n=34	Tanzania n=43	Rwanda n=15	Burundi n=3	DRC n=6
Police	32%	24%	76%	19%	7%	33%	84%
Anti-corruption authority	28%	62%	0%	0%	87%	67%	17%
Ports/customs management	17%	19%	24%	78%	0%	0%	17%
Suggestion box	7%	22%	3%	0%	0%	0%	0%
Tax administration	6%	0%	18%	5%	0%	0%	0%
CFAs organization	6%	0%	6%	18%	0%	0%	0%

* Analysis based on the 62% proportion responding affirmatively to the question ‘would you know where to report?’

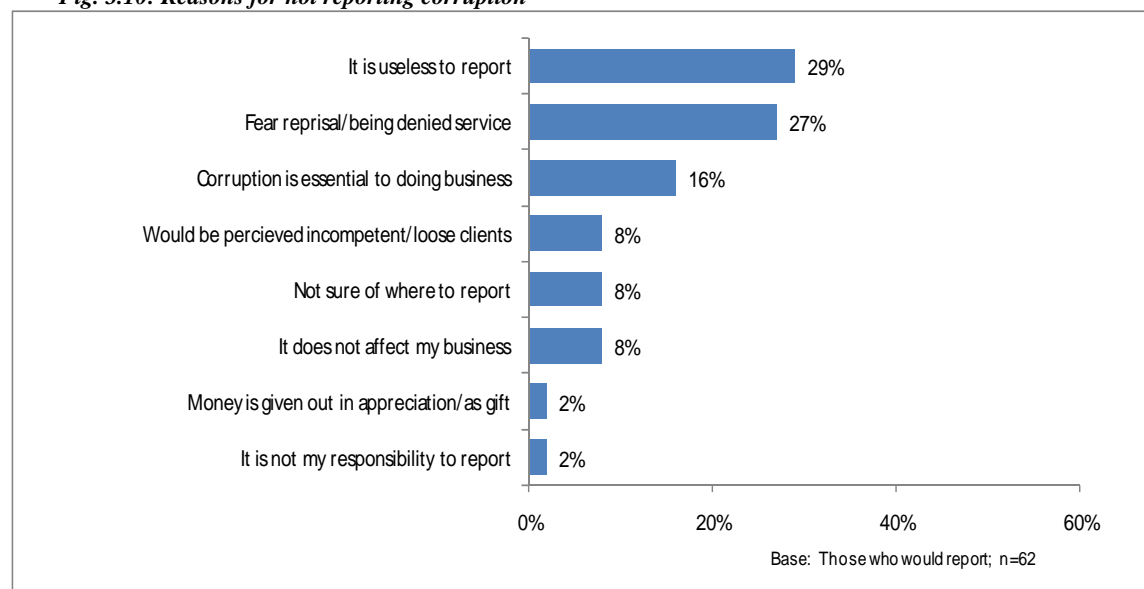
Would you report a case of corruption?

In order to measure the readiness to report, all respondents were further asked the question “Would you report a case of corruption?”. A modest majority - (67%) expressed a readiness to report; while about one-third (28%) showed reluctance. Country differences likewise reveal relatively high ratings across all countries – (well above 50%) in regard to readiness to report. Notably, Rwanda and Burundi depict the highest readiness to report – (recording 78% and 88% respectively).

Fig. 3.9: Proportion that would report a case of corruption

Why won't you report?

Respondent who expressed reluctance to report corruption were further probed on their reasons for the same. The most pronounced reason cited was that 'it is useless to report' (29%), suggesting a broad feeling that they did not expect any positive results. Equally notable is that, a reasonable number still feel that reporting is likely to attract negative consequences, notably being denied services or facing reprisal from public officials (27%). We cannot fail to take note the view that corruption has to a reasonable extent become the norm, demonstrated by reasonable ratings in respect to the reason that 'corruption is part of life'.

Fig. 3.10: Reasons for not reporting corruption

The readiness to report an incidence involving corruption is likely to give an indication of citizens' confidence in the effectiveness of anti-corruption frameworks in a country. However, while we observe relatively high percentages in terms of readiness to report, we cannot objectively ascertain whether this percentage reflects the reality in terms of the proportion that

has ever taken or would actually take an initiative to report. This is based on the fact that numerous factors, which can only effectively be measured qualitatively, tend to influence an individual's decision when it comes to reporting a case of corruption. Findings from the TI study conducted at the port of Mombasa showed that most view reporting as risky, fearing possible reprisal by public officials⁸.

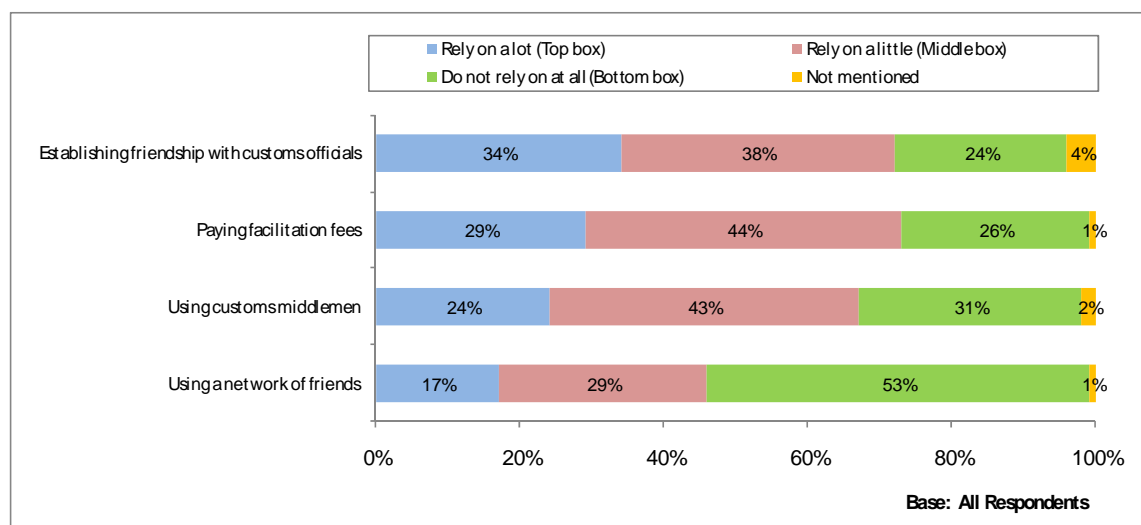
3.6 Methods Devised in Coping with Corruption

What other forms of influence do agents rely on to expedite clearance?

Respondents were presented with other probable ways of facilitating clearance and asked to give a rating on a scale of 1 to 10, where 1 stood for 'do not rely on at all' and 10 stood for 'rely on a lot', the extent to which they relied on these methods. The responses were aggregated into 3 levels: bottom box – 1, 2, 3; middle box – 4, 5, 6, 7 and top box 8, 9, 10). Fig. 3.11 presents the composite scores

It is apparent that, while paying facilitation fees is an important method of expediting clearance, the need to use the influence of friendship seems to be more important method form of influence. The use of middleman and other 'outsider friends' are other forms of influence employed by the CFAs, although at lower degrees of engagement.

Fig 3.11: Other methods of facilitating customs services



We can rationally deduce that corruption, to a reasonable extent thrives upon the foundation of friendship between donor and recipient. TI⁹ study findings accords with the view that CFAs and public officials appear to establish solid casual friendship.

⁸ TI (2003): According to the TI study results, only 5% mentioned that they would report - but if they knew the anti-corruption officials personally, pg 19.

⁹ TI (2003): Survey data showed evidence that half of all the CFAs do know most of the officers in the clearing offices by name and often interact with them casually – pg 13

This is further supported by the University of Nairobi¹⁰ study findings, which showed that the amount of money CFAs spend to entertain public officials is an important driver to this friendship. Therefore, while friendship is a legitimate way of building business relationships, the complexity arises over how the two parties perceive and interpret this friendship. It is plausible that ‘friendship’ is a method devised to conveniently cope with monetary and time challenges of clearance. Accordingly, it is of essence that measures instituted to fight corruption take cognizance of this reality.

3.7 Effects of Corruption on Cross-border Business

Respondents were asked to describe, based on their own experience, how corruption has affected their business. Results indicate that monetary and time constraints are the hallmark effects of corruption, exemplified by the relatively high ratings on ‘increased cost of doing business’ - (57%) and ‘delays’ - (34%).

Country differences support this view, showing that the two issues likewise record high ratings across all the countries. The cost implication of corruption, however, seems to be a more significant factor in Tanzania and Kenya – (recording - 82% and 68%) respectively, followed by Uganda and DRC, which record – (49% and 44%) respectively. Rwanda and Burundi record fairly low ratings – (22% and 16%) respectively. With regard to ‘delays’ or time implication, this seems to be substantially significant factor in DRC - recording (100%). Kenya record (46%), demonstrating that it is a fairly significant issue, while Tanzania and Uganda records (32% and 28% respectively). Rwanda and Burundi record fairly low rating – (17% and 20% correspondingly).

Table 3.8: Effects of corruption

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
Increased cost of doing business	57%	68%	49%	82%	22%	16%	44%
Delays	34%	46%	28%	32%	17%	20%	100%
Facilitates quick services	11%	5%	16%	18%	4%	0%	11%
Failure to receive rightful services	6%	9%	5%	9%	0%	0%	0%
Retards business	5%	12%	0%	0%	13%	4%	0%
Others	10%	0%	0%	2%	31%	56%	0%
Not mentioned	12%	12%	12%	6%	30%	16%	0%

3.8 Opinions with Regard to Current Status of Corruption

¹⁰ UoN (2002): Results revealed that ‘transporters who entertain the port officials have their goods cleared expeditiously, with the entertainment fee estimated at about Kshs 3,000 – 4,000 (US\$ 45 – 60) – pg vi

What is the perception about the trend of corruption?

Respondents were asked about their perceptions regarding the state of corruption over the past two year period – i.e. whether they thought corruption has increased, stayed the same, or declined. Results suggest a broad view that corruption is on the decline, with half (51%) of the respondents agreeing upon the same. About one-fifth (18%), however, thought it is on the increase. 7% did not make any comment. Country differences support this view, with the evidence that, well over half of the respondents across all countries – (apart from Tanzania), felt that corruption was on the decline. Rwanda (65%), Burundi and DR Congo clearly demonstrate the highest confidence in this respect – (60% and 100% respectively), while Kenya¹¹ and Uganda record moderately on the same – 951% and 52% respectively).

Table 3.9: Views on the trend of corruption over past two-year period

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
On the increase	18%	7%	23%	33%	4%	16%	0%
On the decrease	52%	51%	52%	36%	65%	60%	100%
Remained the same	23%	40%	16%	26%	1%	20%	0%
Not mentioned	7%	2%	9%	5%	30%	4%	0%

What is the level of concern about corruption?

Respondents were asked to describe their level of concern about corruption at the transit points (TPs), based on a scale that ranged from ‘very concerned’ to ‘not at all concerned’. It is remarkable that, not only does a reasonable proportion (45%) mention that they are “very concerned”, but also another 35% mention “somewhat concerned”. This combines up for an aggregate 80% who express some concern about the state of corruption. Country differences likewise demonstrate high concern levels (approximately 80% aggregate), with the exception of Uganda and DRC, which records moderately lower ratings (aggregate scores of 60% and 67% respectively).

Table 3.10: Level of concern about corruption

	Total N=223	Kenya n=57	Uganda n=43	Tanzania n=66	Rwanda n=23	Burundi n=25	DRC n=9
Very concerned	45%	56%	30%	47%	61%	36%	11%
Somewhat concerned	35%	30%	30%	41%	26%	44%	56%
Somewhat not concerned	6%	2%	7%	6%	9%	16%	0%
Not at all concerned	10%	9%	33%	5%	0%	0%	0%
Not mentioned	4%	3%	0%	1%	4%	4%	33%

The results are pretty conclusive regarding CFAs level of concern about corruption, which is likely to be indicative that corruption as a subject has or is gaining expanded attention. It is significant that the first step to addressing corruption would be to create an interest among the stakeholders in the efforts towards the same.

¹¹ TI (2003): Comparatively, 65% of the CFAs interviewed at a Mombasa port indicated corruption to be on decrease; pg 16.

Summary

Opinions on the attitudes and perceptions of CFAs can be summarized as follows:

- Delays, insufficient services and corruption are considered to be the major constraints in conducting cross-border business, with the issues of delays and high taxation considered to provide the greatest opportunities for bribery. When it comes to the link between corruption and specific customs procedures, it is clear that the processes entailing declaration, valuation and bond are the ones which are most prone to corruption.
- Corruption has over time become a conventional way of doing business as demonstrated by the fact that practices that typify corruption appear to receive high levels of endorsement among CFAs. Broadly, corruption is perceived to pervade the entire public border services, with the Customs and Port Authorities, nonetheless, viewed to be the most corrupt departments.
- Regarding methods and ways of executing bribery schemes, we observe most bribery incidences - (33%) tend to be initiated by public officials, while just over one-quarter (27%) tend to be initiated by the CFAs. The amount payable as bribe is largely based on consignment value, just over half (56%) of all corruption incidences. Regarding payment, it is evident that bribes are mostly paid beforehand in about 39% of the incidences, and after the deal, in about one-quarter of the incidences (23%). In asking for bribes, public officials tend to mostly operate solitary (35% of the incidences), and collaborate one-quarter of the times - (25%).
- Results show evidence that most often than not, clients are aware about bribes or intention to bribe, with results showing that 51% of all the agents inform their clients and a further 36% inform some of their clients. When it comes to billing for sum paid as bribe, results show that CFAs have a fairly balanced inclination towards two billing methods: 46% of the CFAs levy the sum within the service fee, while 44% charge clients pay separately for the amounts involved.
- When it comes to reporting corruption, majority of the CFAs (62%) would know where to report out of which (62%) would actually take an initiative to report. Of those who would report, most would seek redress from the police - about one-third (32%). The main reasons why CFAs would not report were cited as denial of customs services (33%) and it is useless to report (32%).
- The need to cope with corruption has meant that CFAs also try other ways of influence, largely by seeking to establish friendship with customs officials. When it comes to the effects of corruption on business, it is apparent that these are largely experienced in terms of monetary and time constraints.
- On the trend of corruption, most (51%) feel that the practice is on the decrease. When asked regarding their level of concern about corruption, majority (80%) showed concern about corruption, either mentioning 'very concerned' or 'somewhat concerned'.

CHAPTER 4

INCIDENCE BASED ASSESSMENT OF CORRUPTION

This chapter examines the specific encounters of clearing and forwarding agents (CFAs), focusing on the ‘last five shipments’ handled by each of the 223 CFAs who participated in the study. The sum of 1115 shipments examined during data collection form the basis for analyses and discussions as outlined in this chapter.

4.1 Duration of Clearance and Experience of Delays

What is the average time required for customs clearance?

The duration of clearance is presented as the average time (in terms of days), it took to clear goods, from when the CFAs presented clearance documents to customs officials until the time all the formalities were accomplished. Table 4.1 presents the results. It is evident that Tanzania and Kenya record the longest clearance durations – (average of 5 and 4 days respectively). Rwanda and DR Congo, each record an average duration of 2 days, while Uganda and Burundi record the lowest, average of 1 day each.

Table 4.1 Time taken to clear a consignment (Across countries)

Country	No. of shipments	Average clearance duration (Days)
Tanzania	330	5
Kenya	285	4
Rwanda	115	2
DR Congo	45	2
Uganda	215	1
Burundi	125	1

Across TPs, Dar-es-Salaam¹² port record the highest average duration - 11 days. This is distantly followed by Mombasa¹³ and Akanyaru, which depict an average of 5 days each, while Horohoro and Holili record 4 and 3 days respectively.

Notably, a number of Tanzania transit points, (in respect to stations which are either located within Tanzania, as is the case with Dar-es-Salaam, or along Tanzania’s borders, as is the case with Horohoro and Holili), also tend to show evidence of prolonged clearance durations. The pattern of results gives reasonable rationalization for the evident lengthy clearance duration in respect to Tanzania as a country depicts.

¹² TRA (2005) According to the Time Release Study for Tanzania, the mean time taken from lodgment to release of goods is approximately 12 days 15 hrs in respect to Dar-es-Salaam, suggesting that Dar-es-Salaam has consistently maintained long clearance times over the last 2 years; pg 29.

¹³ The KRA (2004) Time Release Study data in respect to the port of Mombasa provides for clearance duration of 6 days, 16hrs, a duration that may between 5 days and 8 days for **pre** and **post** lodgment respectively; pg 13.

Table 4.2 Time taken to clear a consignment (Across border stations)

*Transit point	**Country	No. of shipments	Average clearance duration (Days)
Dar-es-Salaam	Tanzania	200	11
Mombasa	Kenya	100	5
Akanyaru	Rwanda/Burundi	30	5
Horohoro	Kenya/Tanzania	55	4
Holili	Kenya/Tanzania	85	3
Busia	Tanzania/Uganda	135	2
Mutukula	Rwanda/DRC	80	2
Gatumba	Burundi/DRC	10	2
Namanga	Kenya/Tanzania	95	2
Goma	Rwanda/DRC	80	1
Bujumbura	Burundi	90	1
Rusizi	Rwanda/Burundi	25	1
Malaba	Kenya/Uganda	55	1
Gatuna	Rwanda/Uganda	75	1

*Transit/border points assessment of all the shipments handled from either side of the border.

**Country assessment of all transactions handled within a country's borders.

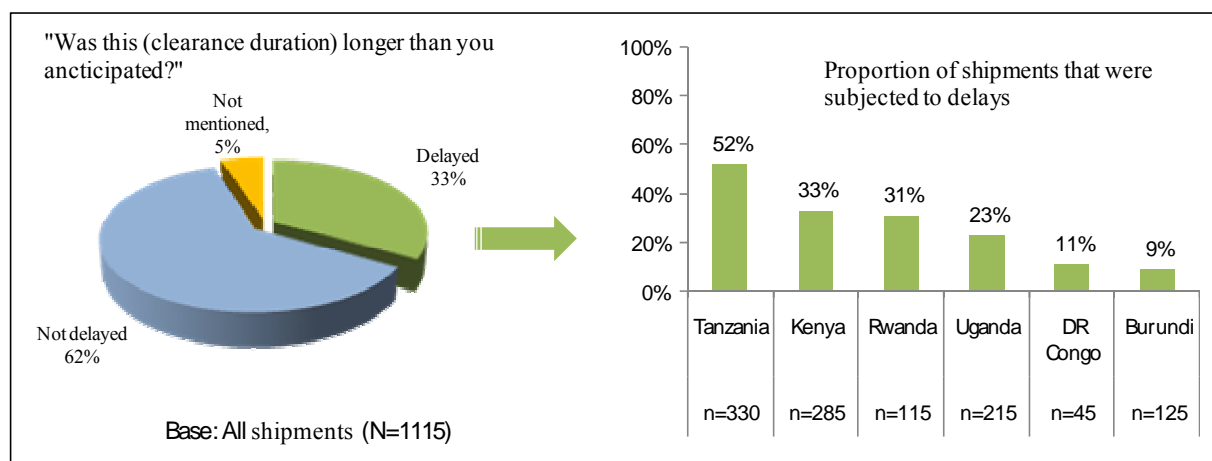
Notably, Tanzania transit points (i.e. stations which are either located within Tanzania, as is the case with Dar-es-Salaam, or along Tanzania's borders, as is the case with Horohoro and Holili) show evidence of higher susceptibility to delays. This pattern of results gives reasonable rationalization for the evident lengthy clearance durations in respect to the country. The port of Dar-es-Salaam particularly shows evidence of deterioration in the level of efficiency¹⁴. It can be noted that Tanzania mandated TISCAN¹⁵ to provide destination inspection services. The verification system, has, however, been blamed for delays, by virtue of the fact that issuing of documents has become a long and drawn out process. The evident lengthy clearance durations in Tanzania are rationally attributed to the system.

What was the extent of delays?

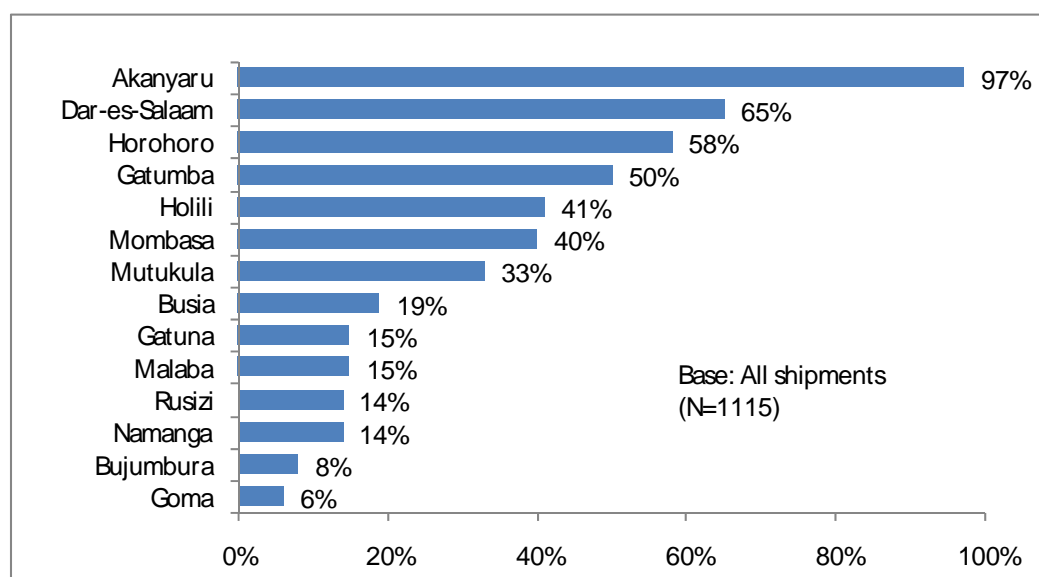
Experience of delayed clearance was measured by asking the question; "Was the clearance duration longer than you anticipated?" in respect to each shipment. Study findings indicate that approximately one-third (33%) of all the shipments experienced a delay. Country results, on the other hand, reveal that the most severe delays were experienced in Tanzania, with the evidence that roughly half of all consignments cleared in the country experienced delayed clearance - (52%). This is distantly followed by Kenya and Rwanda, where about one-third of the consignments in each country (33% and 31% respectively) experienced delayed clearance. In Uganda, just below one-quarter (23%) were subjected to delay, while Rwanda and Burundi experienced the least delays – 11% and 9% respectively.

¹⁴ UoN (2002) study findings suggest a big decline in the level of efficiency, exemplified by an increase in clearance duration, from a previous 2-3 days to 11 days presently as depicted in table 3.1; pg vi.

¹⁵ TISCAN is a company that specializes in and provides cargo inspection services through the use of scanner imaging technology to conduct inspections of container and vehicles.

Fig. 4.1: Proportion of consignments that experienced delay

Comparison across TPs shows that delayed clearance is conspicuously evident at some stations. Akanyaru stands out distinctly in the severity league, with the data giving an indication that virtually all the shipments (97%) were subjected to delays. This is followed by Dar-es-Salaam (65%), Horohoro (58%) and Gatumba (50%), which all show that at least half the consignments cleared through the transit points experienced delay.

Fig. 4.2: Proportion of consignments that experienced delay (Across transit points)

Note: Goma has more than one clearing points; three of which were captured in this study. While this is not conclusive, this fact may explain the seeming efficiency evident at this location.

What factors contributed to delays?

In regard to factors that contribute to delays (as table 4.3 depicts), it is perceptible that inefficiency/slow service on the part of COs (34%) is overall regarded as the most issue. Analyses across TPs show broad support towards this view, with all transit locations depicting the highest rating in this respect. Holili (60%), Horohoro (44%) and Mombasa (40%) record the highest ratings in this respect. Akanyaru, nevertheless, gives a different picture, with the issue of delays is largely attributed to high tax (21%).

Table 4.3: Factors contributing to delays

	Total N=29 9	Dar-es- Salaam n=130	Mombas a n=40	Holili n=35	Mutukul a n=34	Horohor o n=32	Akanyar u n=28
Inefficient procedures	34%	34%	40%	60%	35%	44%	0%
Inadequate facilities/infrastructure	13%	17%	8%	14%	0%	13%	0%
Tax required too high	9%	6%	10%	0%	12%	0%	21%
Inadequate customs staff	8%	2%	28%	17%	12%	16%	0%
Verification takes long	6%	5%	3%	0%	24%	6%	0%
High volume of goods	4%	0%	0%	0%	12%	0%	0%
Not mentioned	27%	37%	13%	9%	6%	22%	79%

The base of analysis is the proportion of shipments that experienced delay. Given that the sample available for analysis becomes lower, cross tabulations by transit points therefore placed focus on stations that had samples which are sufficient for analysis.

Clearance duration is largely a reflection of the degree of efficiency of port or border service¹⁶. Results suggest that efficiency is a combination of factors, key issues being the adeptness of the public officials in providing service as well as adequacy of facilities and infrastructure. However, while facilities remain a core concern at most transit points, it is apparent that delays are largely attributed to performance of personnel.

4.2 Estimates of Revenue Loss

The monetary value of revenue loss was measured by asking respondents two related questions. First, “What was the actual amount paid for this consignment as tax or bond?”, and second “Ordinarily what was due as tax or bond?” Accordingly, where the amount paid was less than the amount due, it means that the tax administration (TA) incurred a loss in revenue because the money paid was less than the outstanding amount. The values were aggregated to compute the mean value as an indication of revenue lost per transaction.

As can be noted in table 4.4, revenue loss is distinct in three countries, notably Kenya, Uganda and Tanzania. Uganda experienced the most striking revenue loss, recording – US\$ 3,024. Kenya and Tanzania record US\$ 1,813 and 1,289 respectively. Note that Rwanda and Burundi depict no loss.

On aggregate, it is evident that, for a given set of consignments, Uganda is likely to experiences exceptionally high revenue loss (over US\$ 48,000), as compared with either Kenya or Tanzania, which are likely to experience losses less than US\$ 10,000 (per 100 consignments). Note that DR Congo is not included because the value and the frequency of loss are largely insignificant.

¹⁶ WCO (2002): WCO states that ‘The time required to release goods has also increasingly become a measure by which the international trading community assesses the effectiveness of a Customs administration - Pg 1.

Table 4.4: Estimates of revenue lost by tax administration (across countries)

Country	Average revenue loss US\$	Estimates of total revenue loss per 100 consignments cleared – US\$	% Paying less than amount due
Uganda	3,024	48,384	16%
Kenya	1,813	5,439	3%
Tanzania	1,289	3,867	3%
* DRC	20	40	2%

* Based on 1 bribery incidence

Across transit points, we observe wide variations in respect to revenue lost. Gatuna records the highest loss – US\$ 9,501 (though this is based on one incidence). This is followed by Busia and Mutukula, which record US\$ 3,787 and US\$2,393 respectively.

However, on aggregate, it becomes evident that Mutukula is likely to experience outstandingly high loss levels – US\$ 81,362. This is distantly followed by Busia – (US\$ 34,083) - (per 100 consignments). Notably, losses in respect to Dar-es-Salaam, Malaba and Namanga are likely to be relatively lower – (well below US\$ 10,000). Note that Gatuna and Goma are based on single incidences. The frequency of loss is therefore insignificant.

Table 4.5: Estimate of revenue lost by tax administration (across transit points)

Transit point	Average revenue loss US\$	Estimates of total revenue loss per 100 consignments cleared – US\$	% Paying less than amount due
* Gatuna	9,501	9,501	1%
Busia	3,787	34,083	9%
Mutukula	2,393	81,362	34%
Dar -es-Salaam	1,514	3,028	2%
Namanga	943	6,601	7%
Malaba	730	3,650	5%
* Goma	20	40	2%

*Based on 1 bribery incidence

(Amounts involved were recorded in currencies of transactions and converted into US dollar)¹⁷

Note: The formula used to calculate estimates of total revenue loss was as follows:

Total Revenue Loss = Average Revenue Loss x Prevalence of Revenue Loss

4.3 Experience of Bribery

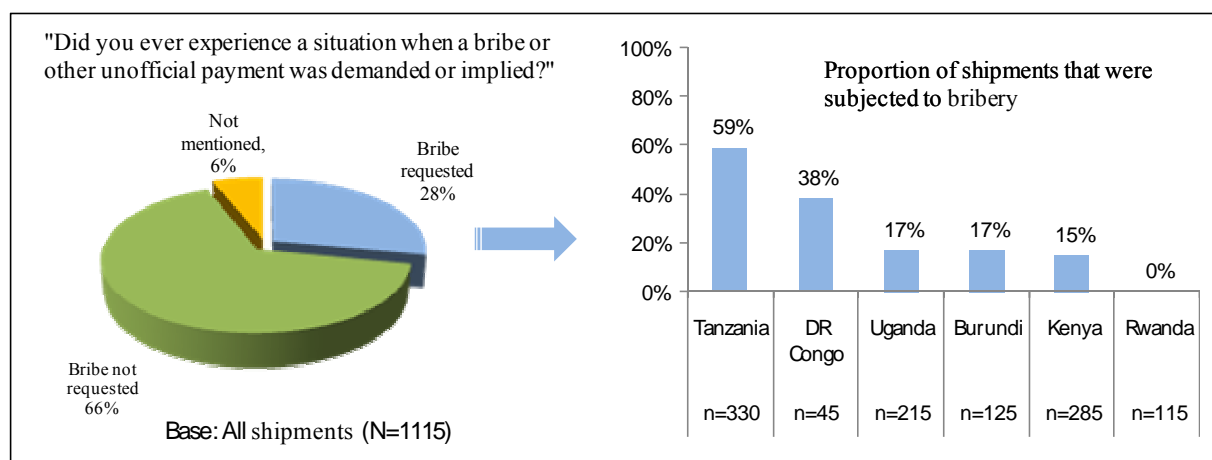
What is the extent of bribery?

The level or incidence of bribery was measured in terms of the number of times bribes were requested or implied. As depicted in fig.4.3, it is evident that almost one-third of all the shipments cleared were subjected to bribery - (28%). Country differences reveal a tilted distribution in the extent different countries carry the burden of corruption. Tanzania records the highest rating, with the evidence that roughly two out of every three shipments cleared within its borders – (59%) were subjected to bribery.

¹⁷ Conversion rates for 1 US\$ were as follows: Uganda shillings 1,726; Kenya shillings 67; Tanzania shillings 1,303; Rwandese francs 548; Burundian francs 1,126; Congolese francs 488.

This is distantly followed by DR Congo (38%), while Uganda, Burundi and Kenya record – (17%, 17% and 15% respectively). Notably, Rwanda depicts remarkable corruption free clearance, exemplified by zero bribery incidence in all the consignments sampled.

Fig. 4.3: Proportion of consignments for which a bribe was requested (Across countries)



Across transit points, we observe a pattern of results that show great consistency with the country data. Notably, transit points that are located within or along Tanzania's borders, likewise seem to record relatively high in respect to incidence of bribery. On the other hand, transit points along Rwanda borders to record relatively low bribery incidence (except for Goma, which depicts relatively high incidence rating).

Table 4.6: Proportion of consignments for which a bribe was requested (Across transit points)

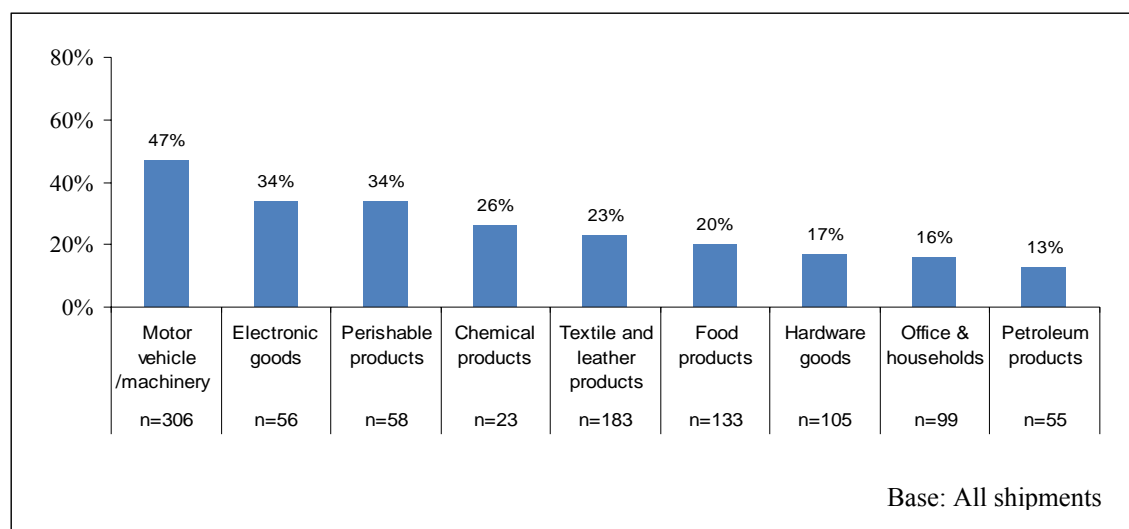
Transit point	Country	No. of shipments N=1115	Proportion for which a bribe was requested
Dar-es-Salaam	Tanzania	200	65%
Holili	Kenya/Tanzania	85	56%
Horohoro	Kenya/Tanzania	55	33%
Mutukula	Tanzania/Uganda	80	28%
Bujumbura	Burundi	90	27%
Goma	Rwanda/DRC	80	21%
Busia	Tanzania/Uganda	135	18%
Namanga	Kenya/Tanzania	95	18%
Malaba	Kenya/Uganda	55	11%
Mombasa	Kenya	100	10%
Gatuna	Rwanda/Uganda	75	3%
Akanyaru	Rwanda/Burundi	30	0%
Gatumba	Burundi/DRC	10	0%
Rusizi	Rwanda/Burundi	25	0%

What categories of goods are most prone to bribery?

This is based on the number of consignments per goods category that were subjected to bribery, as a percentage of the total sample for the respective categories. From fig.4.4, it is evident that motor vehicle and machinery category goods are the most prone to bribery (47%). This is distantly followed by

electronics and perishable goods (each recording 34%). On the other hand, hardware, office and household goods and petroleum are the least prone to bribery – recording (17%, 16% and 13% respectively).

Fig. 4.4: Extent different product categories are prone to bribery



What is the average amount paid as bribe?

The average amount paid as bribe was measured in terms of the sum of all unofficial payments made towards facilitating. Out of the 313 shipments that experienced bribery episode, respondents provided information on bribery sums for 305 shipments. For 8 shipments, respondents could not precisely recall the sums involved. The values were aggregated to compute the modal class¹⁸ to give an indication of the typical bribe rates. The modal class was based on the following range of values:

Below US\$ 30
 US\$ 31 – 50
 US\$ 51 – 100
 US\$ 101 – 150
 US\$ 151 – 200
 US\$ 201 – 500
 US\$ 501 – 1000
 Above US\$ 1000

Tables 4.7 and 4.8 depict the typical amounts paid as bribery at the country and transit point levels, based on the above indicator. Tanzania and Kenya record the lowest rates – (below US\$ 30 per transaction). Uganda and DRC record the highest rates- (US\$ 101 to 150 per consignment). Note that Rwanda did not record any incidence.

On aggregate, the total amount of money paid as bribe is, however, likely to be lowest in Kenya -US\$ 360 and highest in DRC - US\$ 4,779 (per 100 consignments). Notably, while DRC and Uganda record equivalent rates per transaction, the total amount paid is likely to be three times as high in DRC as in

¹⁸ The mode represents the value or rate that occurs most frequently. As indicated in table 4.7, ‘class mode’, based on value range rather than single value mode, as would often be the case, has been used.

Uganda. Similarly, we observe that, while Uganda depicts higher rate per transaction than Tanzania, the total amounts paid as bribe in the two countries closely compare.

Table 4.7: Amount of bribe paid (across countries)

Country	Bribe amount (Modal class) - US\$	Estimates of total bribe paid per 100 consignments cleared – US\$	Proportion of consignments for which bribe was paid
DRC	101 - 150	4,779	38%
Uganda	101 - 150	1,632	17%
Burundi	51 - 100	1,133	17%
Tanzania	Below 30	1,920	59%
Kenya	Below 30	360	15%

Across transit points, the rate of bribe per transaction similarly ranged from below US\$ 30 to a range of US\$ 101 – 150. The lowest rate per transaction is evident at Mombasa¹⁹, Busia, Horohoro and Dar-es-Salaam, while the highest is evident at Goma and Mutukula depict the highest rates.

Aggregately, the total amount of money paid as bribe is likely to be lowest at Gatuna and highest at Holili - US\$ 122 and US\$ 4,530 (per 100 consignments). Dar-es-Salaam shows relatively high propensity to register soaring aggregate levels - \$ 2,040, although the bribe per transaction is fairly low.

Table 4.8: Amount of bribe paid (Across transit points)

Transit point	Location	Bribe amount (Modal class) - US\$	Estimates of total bribe paid per 100 consignments cleared – US\$	Proportion of consignments for which bribe was paid
Mutukula	Tanzania/Uganda	101 - 150	1,828	28%
Goma	Rwanda/DRC	101 - 150	2,636	21%
Holili	Kenya/Tanzania	51 - 100	4,530	56%
Bujumbura	Burundi	51 - 100	1,559	27%
Gatuna	Rwanda/Uganda	31 - 50	122	3%
Malaba	Kenya/Uganda	31 - 50	446	11%
Namanga	Kenya/Tanzania	31 - 50	770	18%
Horohoro	Kenya/Tanzania	Below 30	1,050	33%
Dar- es - Salaam	Tanzania	Below 30	2,040	65%
Mombasa	Kenya	Below 30	270	10%
Busia	Kenya/Uganda	Below 30	330	18%

(Amounts involved were recorded in currencies of transactions and converted into US\$ during analysis)²⁰

Note: With regard to bribery, the formula used to calculate estimates of total bribe paid:

Total Bribe Paid = Average Bribe Paid x Prevalence of Bribery

It is observable that the major transit points, namely Dar-es-Salaam, Mombasa, Namanga and Busia also seem to depict relatively bribery rates. Looking at various factors that are associated with the transit points, high volumes, high value goods and long clearance durations, the findings seem to suggest that lack of positively correlation between these key clearance

¹⁹ EME (2005): The average total unofficial amount paid out per clearing transaction (in Kenya) is around (USD 24.3), pg 28.

²⁰ Conversion rates for 1 US\$ were as follows: Uganda shillings 1,726; Kenya shillings 67; Tanzania shillings 1,303; Rwandese francs 548; Burundian francs 1,126; Congolese francs 488.

factors and the amount of bribe paid. Value of consignments/Volume of consignments does not seem to show any relationship to the amount of bribe

4.4.1 Reasons for Paying Bribe

Respondents singled out ‘expedite clearance’ - (57%) as the major reason for paying a bribe. Country difference similarly show that this reason is predominantly mentioned across all (apart from DR Congo), with Kenya and Tanzania depicting the most conspicuous ratings – (61% and 64% respectively), while Burundi and Uganda, moderately high ratings 52% and 42% respectively. Other notable reasons were: Issues related to documentation (i.e. wrongly filled or insufficient documentation), most distinct in Kenya and Tanzania. The issue of high taxation, on the other hand, was most distinct in Uganda.

Table 4.9: Reasons for paying bribe (across countries)

Base on transactions where a bribe was demanded/implied	Total N=313	Kenya n=44	Uganda n=36	Tanzania n=195	Burundi n=21	DRC n=17
To expedite clearance	57%	61%	42%	64%	52%	0%
Wrongly filled or insufficient documents	17%	32%	6%	20%	0%	0%
High taxation	9%	7%	22%	6%	24%	0%
It is a the common/normal practice	4%	0%	20%	0%	5%	0%
It is a requirement	4%	0%	0%	0%	0%	29%
Gave as token of appreciation	3%	0%	6%	2%	5%	0%
Not mentioned	10%	0%	4%	5%	14%	71%

The high ratings in respect to the reason ‘to expedite clearance’ demonstrate that time is of essence in clearance and CFAs will not hesitate to give a bribe in order to expedite clearance.²¹ The motivation to pay a bribe is illustrated more profoundly by the fact that those who pay a bribe can have goods, which may take days to clear can be cleared in a matter of hours²².

To what extent do the public border services engage in corruption?

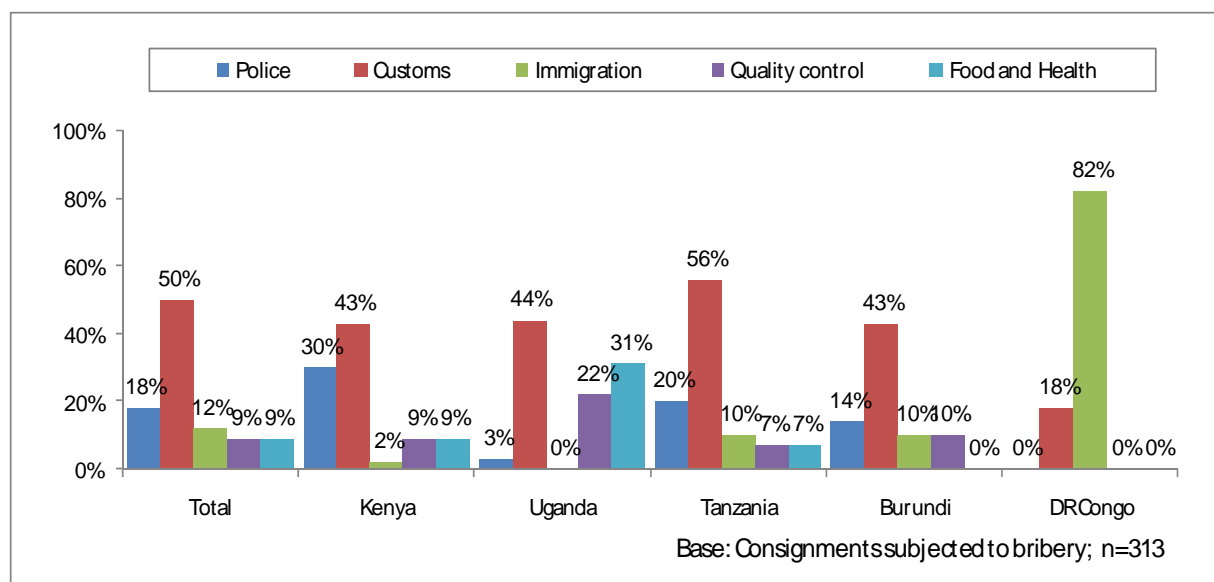
Respondents were asked to describe the departments of the individuals who received the bribe in each of the transactions. The results as presented in fig. 4.4 below demonstrate that corruption pervades virtually all the key 5 public border services, although at varying degrees of involvement. Overall, Customs (50%) show relatively high propensity towards corruption as compared with the other institutions, which record comparatively lower incidence. Country differences show that across virtually all countries (except DRC), customs is likewise the most favorably ranked on this indicator. In Kenya and Uganda, however, we also observe that Police (30%) in respect to Kenya and Quality control (22%) and Food and health (31%) in respect to Uganda likewise depict relatively strong

²¹ TI (2003): 66% of clearing and forwarding agents said that they gave bribes in order to jump the queues or avoid one’s documents being shuffled to the bottom; pg. 12.

²² EME (2005): According to the study’s findings, it is apparent that paying a bribe can drastically reduce clearance duration such that transactions that normally take 3 days can take only 6 hours if payment is made to the officials – pg 28.

inclination towards involvement in corruption. As can be noted, in DRC, Immigration distinctly stands out as the institution largely involved in corruption, recording 82%.

Fig 4.5: Incidence of corruption in public border services (Across countries)



Results across the transit points similarly show that Customs record the worst overall incidence. This is conspicuous across all transit points, except at Malaba and Busia, where Food and health were cited the most, whereas at Goma, Immigration registered the highest number of mentions.

Table 4.10: Incidence of corruption in public border services (Across transit points)

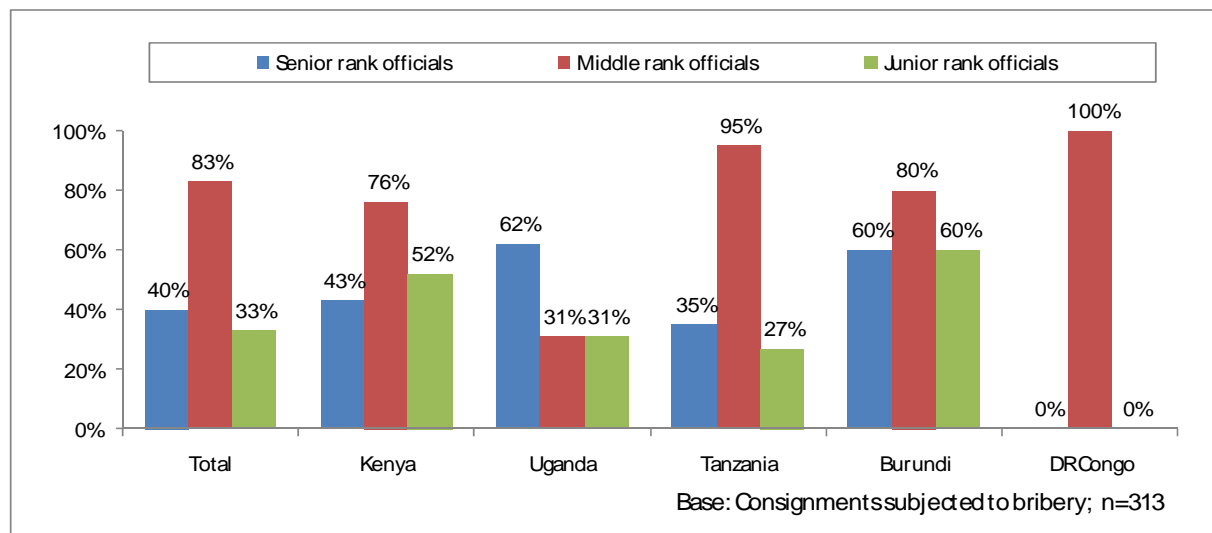
Transit point	Sample	Police	Customs	Immigration	Quality control	Food and health
Total	313	56	156	36	27	29
Mombasa	10	2	7	0	0	0
Holili	48	14	23	4	3	4
Busia	23	6	13	1	3	0
Malaba	6	1	2	0	1	0
Horohoro	18	2	3	1	3	9
Namanga	17	3	12	1	0	1
Dar-es-Salaam	129	25	78	13	8	4
Mutukula	22	0	4	0	7	11
Gatuna	2	0	2	0	0	0
Goma	17	0	3	14	0	0
Bujumbura	21	3	9	2	2	0

To what extent do the officials of different ranks engage in corruption?

The ranks or positions of public officials have been classified into three levels, comprising; senior (department heads and deputies), middle (intermediate positions – heads of sections and deputies, supervisors) and junior (low cadre staff – including clerical, subordinate staff). Results show that overall; bribery is most prevalent amongst officials in middle level positions - 55%, with senior and junior level officials coming distantly at 16% and 19% respectively. This is to say that an encounter with a middle level official is about three times as likely to elicit a demand for bribe as would be with

either senior or junior officials. However, this view receives support modestly in Tanzania (67%), overwhelmingly in DRC (94%) and in Burundi, although at relatively lower rating (38%). In Kenya and Uganda, we observe that it is junior rank (45%) and senior rank (56%) officials, respectively, who are register the worst incidence.

Fig. 4.6: Incidence of corruption across public officials' ranks (Across countries)



It is apparent that across most transit point, bribery incidences mostly involve middle rank officials, except Mutukula where senior rank officials record the highest number of mentions. Mombasa, Busia and Horohoro, Mombasa and Horohoro, however, also depict notable mentions in respect to junior rank officials.

Table 4.11: Incidence of corruption across public officials' ranks (Across transit points)

Transit point	Sample	Senior rank officials	Middle rank officials	Junior rank officials
Total	313	51	173	58
Mombasa	10	0	4	6
Holili	48	9	23	8
Busia	23	3	6	5
Malaba	6	0	6	0
Horohoro	18	0	7	7
Namanga	17	0	13	3
Dar-es-Salaam	129	18	88	21
Mutukula	22	18	2	2
Gatuna	2	1	0	0
Goma	17	0	16	0
Bujumbura	21	2	8	6

With regard to the port of Mombasa, the pattern of response remains consistent with the TI study²³ results, which showed a higher propensity for junior officials to be involved in corruption. The study, however, suggested that corruption remained rampant largely because of the complicity by the senior officials

²³ According to TI (2003) study findings, most agents (70% of the respondents interviewed) mentioned that junior officials were responsible for most of the corrupt activities, with half of all bribery transactions happening through messengers; pg 16.

Summary

- The average number of days it takes to clear goods show wide variations across both country and transit points. At the country level, Tanzania accounts for the longest clearance duration, averaging 5 days. Across transit points, average clearance duration range from a low of 1 day average to 11 days average. Dar-es-Salaam port accounts for longest duration of 11 days.
- Overall, approximately 33% of all the shipments were subjected to delay. Tanzania records the highest delays, showing that an estimated 52% of all the shipments cleared within its borders experienced delay. Across transit points, delay incidence ranged from a low of 6% at Goma to 97% at Akanyaru.
- Revenue loss is distinctly evident in Tanzania, Uganda and Kenya. Uganda records the highest revenue loss per transaction, an average of US\$ 3,024, while Tanzania and Kenya record averages of US\$ 1,813 and US\$ 1,289. Across transit points, the loss per transaction ranged from a low of US\$ 730 at Malaba to US\$ 3,787 at Busia. As a whole, however, Uganda is exceptionally likely to register the highest, (well over US\$ 48,000 per 100 consignments). Across transit points, Mutukula is likely to register highest aggregate loss - (amounting over US\$ 80,000 per 100 consignments).
- When it comes to corruption, results show that incidence of bribery ranged from a low of 15% in Kenya to 59% in Tanzania. On the whole, 28% of all the shipments were subjected to bribery. Across transit points, incidence of corruption ranged from a low of 10% at Mombasa to 65% at Dar-es-Salaam. Regarding the amount of bribe paid, Mombasa, Busia, Horohoro and Dar-es-Salaam registered the lowest rates – (below US\$ 30), while Mutukula and Goma registered the highest – (US\$ 101 – 150). On aggregate, however, the total amount of money paid as bribe is likely to be highest in DRC – (US\$ 4,779 per 100 consignments), while across transit points, Holili is likely to register the highest amount in total – (US\$ 4,530 per 100 consignments).
- Motor vehicles/machinery goods are overall the most prone to bribery. Regarding the motivation for paying bribe, the main reason cited was for the purpose of expediting clearance. It is apparent that customs officials are overall the most involved in corruption, recording a score of 50%. Across officials ranks, results show that middle level officials were on the whole most involved in corruption - 55%.

CHAPTER 5

PERCEPTIONS OF CUSTOMS OFFICIALS

This chapter focuses on the views of the customs officials (COs). The inquiry was guided by the following questions: What problems hinder efficient operations at the border stations? In what ways can efficiency be enhanced? What difficulties do officials encounter when dealing with CFAs? What methods are used to redress agents' grievances? To what extent is corruption a problem at the border station/ports and what should be done to address the problem? A total of 20 front office officials participated in the study and their opinions form the basis of discussion.

5.1 Opinions about Customs Problems

What problems hinder efficient operations at the border stations?

It is apparent that the interrelated issues of understaffing and inadequate facilities are considered to be the most important issues facing transit points (TPs) presently. Customs officials views depicts significant accord with the agents views, who rated insufficient services (including personnel and facilities) as a major constraints to doing cross-border business. It is remarkable that a number of officials were open enough to acknowledge that there exist problems with corruption at their respective stations.

Table 5.1: Nature of problems facing border stations

Nature of problems	Number of mentions
Poor/inadequate facilities	10
Under staffing	9
Limited room for parking/expansion	5
Corruption	4
Congestion of goods (low capacity)	4
Tax evasion	2
Low business	1
Unroadworthy trucks that cause traffic jam	1
Poor liaison with businessmen	1
Not mentioned	1

N=20

The issue of infrastructure has been vigorously cited by both agents and officials. For the busy points, the concern is for both space for storage of goods as well as security of goods. This is exemplified in the UON²⁴ study findings, which shows that two remain key issues of concern.

²⁴ Goods are sometimes made to wait in congestion, unprotected and inadequate premises, bringing into question security as an issue of concern.

In what ways can efficiency be enhanced?

In line with problems mentioned, the officials' views on appropriate solutions emphasize the need to address the question of infrastructure/facilities. Other notable suggestions were the need to address the staffing issue and the need to register or license of CFAs. Notably, the issue of unlicensed or unregistered agents is an area of concern, both to the agents and public officials.

Table 5.2: Suggested solutions to problems facing border stations

Suggested solutions	Number of mentions
Improvement of infrastructure/facilities	8
Increase staff numbers	5
Licensing/registering CFAs	5
Implement Kenya Revenue Authority rules	3
Reduce bureaucracy (one stop centre)	3
Improve security	3
Utilize information technology	2
Improve skills of staff	2
Improve businessmen-officials relationship	1
Not mentioned	1

N=20

5.2 Challenges Faced when Dealing with Agents

What difficulties do officials encounter when dealing with CFAs?

The most notable response to this question was the issue of incompetence among CFAs. As detailed in the previous chapter of this report (ref to table 4.9), it is important to note that incompetence - in terms of inability to properly fill or give all the required documents was cited as one of the main reasons for paying a bribe, particularly in Kenya and Tanzania.

Table 5.3: Nature of problems COs experience when dealing with CFAs

Nature of problems	Number of mentions
Incompetence among CFAs	13
Fraud/customs violations	4
Lack of required documents on part of CFAs	2
Unlicensed agents	1
Inability to access goods being cleared	1
Lack of money to pay taxes	1
Not mentioned	2

N=20

What methods are used to redress client's grievances?

When it comes to dealing with CFAs complaints, the most notable way of resolving a complaint is that the issue is to refer the issue to the management. Other notable ways cited were; official communication to the client and through corporate affairs office.

Table 5.4: Internal mechanisms for addressing CFAs complaints

Mechanisms for solving problems	Number of mentions
Forwarding issue to the Supervisor/manager	10
Official communication to the client	6
Corporate affairs office	4
Proper books of account	1
Tax education	1
Instill professionalism	1
Not mentioned	1

N=20

5.3 Opinions about Corruption at the Transit Points

To what extent is corruption perceived to be a problem at the border stations/ports?

Customs officials were asked to rate the level of corruption at their respective stations. The rating dimensions were: ‘very big problem’, ‘fairly big problem’, ‘fairly small problem’ or ‘very small problem’. Six out of the twenty respondents rated corruption as either very big or fairly big problem, while 8 rated it as either very small or fairly small problem. Six respondents did not make a comment - either unwilling or had no knowledge to comment. Nevertheless, the reasonably big numbers among those who feel that corruption is a problem is indicative that the practice remains an issue of concern at the transit points.

Table 5.5: Opinion about corruption at the transit points

	Number of mentions
Very big problem/fairly big problem	6
Fairly small problem/very small problem	8
Don't know	4
RTA	2

N=20

What should be done to address the problem of corruption?

It is not surprising that the customs officials feel that improvement in their remunerations is the best way to reduce corruption. We nevertheless take note that the case low pay motivates corruption is given credence, both by the customs officials and the CFAs. Other notable suggestions were; the need to sensitize or educate CFAs on corruption (5) and the need to impose heavy penalties on officials who violate anti-corruption regulations (4)

Table 5.6: Suggested solutions to the problem of corruption

Suggested solutions	Number of mentions
Improve remuneration of workers	7
Sensitize/educating CFAs on corruption	5
Heavy penalties for corrupt officials	4
Increase staff	2
Ensure staff (agents) are properly trained	2
Improve security for the goods	2
Customs officials should be transferred often	2
Enhancement of efficiency in customs clearance	2
Not mentioned	4

N=20

Summary

Broadly, customs officials' opinions from the discussion above provide the following insights:

- It is apparent that the two issues of inadequate staff and insufficient infrastructure/facilities remain the major obstacles to effective provision of services at the transit points. Most customs officials feel that the most urgent issue in need of address is the issue of infrastructure/facilities.
- When it comes to the problems customs officials experience when dealing with CFAs, it is apparent that incompetence among the agents ranks the most important.
- A reasonable number of customs officials feel that corruption is a problem at the border stations. The solutions to the problem of corruption that were cited most were; improving remuneration of workers, sensitize/educating CFAs on corruption and heavy penalties for corrupt officials

CHAPTER 6

MEASURES TO ELIMINATE CORRUPTION

Views on measures to reduce corruption at the border stations are based on discussions with both the CFAs. Respondents were asked to rate the extent they thought the suggested measures are likely to eliminate corruption, based on a 10-point scale, where 1 stood for will not eliminate at all and 10 stood for will eliminate completely. The focus of the analysis is those recording top score (8-10) as an indication of their agreement to the respective statements.

6.1 Opinions about Corruption Reduction Measures

Overall, we observe relatively low ratings (below 50%) across the suggested measures, with the level of agreement to the suggested measures ranging from 27% to 40%, suggesting that CFAs only fairly perceive the given measures to be effective. As can be noted, some of the measures appear to be deemed more effective in some countries as compared with others. From the above pattern of results, it is apparent, overall, the measures perceived to be most effective are those that are largely geared towards policy approach to addressing corruption. It is also evident that CFAs are more in agreement with measures likely to enhance better working relationship between agents and officials (first 3 on table). On the hand, CFAs endorse less, measure likely to reduce the level of business (last 2 on table).

Table 6.1: Views on corruption reduction measures

	Total N=223	KE n=57	UG n=43	TZ n=66	RW n=23	BR n=25	DRC n=9
Changing policies and procedures that promote corrupt practices	49%	40%	72%	62%	52%	8%	11%
Regular anti-corruption meeting that bring together police, immigration, customs and private operators	49%	33%	70%	64%	70%	12%	0%
Establishing strong relation between border authorities and private operators	44%	26%	53%	60%	61%	20%	22%
Having an anti-corruption hotline	43%	46%	53%	47%	65%	8%	0%
Establishing a code of conduct to promote professional ethics amongst freight agents	42%	35%	56%	50%	52%	12%	11%
Blacklisting Clearing and Forwarding companies proved to be involved in corruption	42%	18%	63%	42%	91%	28%	0%
Increasing the ability of freight handlers association to oversee the activities at the border or port	42%	26%	42%	52%	52%	24%	89%
Requiring clearing agents to have professional qualifications	41%	35%	51%	59%	43%	4%	0%
Making it easy to appeal against customs decision	41%	37%	51%	52%	48%	8%	22%
Increasing the operation hours of customs and border authorities	34%	26%	33%	56%	17%	20%	11%
Eliminating repeat inspection on both sides of border	27%	26%	44%	30%	22%	4%	33%

While there is not doubt that corruption is an issue that the agents would like to see addressed, it is apparent that certain measures would not bode well for agents. This is evident in respect to *elimination of repeat inspection on both sides of the border* (recording 27% ‘agreeability’ level); this measure in our judgment is not favoured because it is likely to lead to reduced business. We equally observe relatively lower rating for *increasing the operation hours of customs and ports* (34%).

Summary

Overall, we observe relatively low ratings for the suggested measures, with the level of agreement to the suggested measures ranging from 27% to 40%, suggesting that CFAs only fairly perceive the given measures to be effective. It is apparent, overall, the measures perceived to be most effective are those that are largely geared towards policy approach to addressing corruption.

- Changing policies and procedures that promote corrupt practices (49%)
- Regular anti-corruption meeting that bring together police, immigration, customs and operators (49%)
- Establishing strong relationship between service providers and operators (44%)

CHAPTER 7

CONCLUSION AND DISCUSSION

The purpose of this study was to assess perceptions and experiences about corruption at the border crossings along the Northern Corridor road network, with special reference to causes and possible solutions to this problem. By examining the opinions and experiences of the clearing and forwarding agents as well as the customs officials, the study managed to establish the attitudes towards and extent of corruption, both at the country and transit point levels. The key issues emerging from the study are discussed below:

Delays: This problem can be generalized to virtually all the counties and transit points examined. Delays are a significant customs aspect that places CFAs competitiveness on the edge, in terms of time and cost implications to business. It is apparent that delays are largely a manifest product of inefficient procedures, and to a slightly smaller degree, insufficient capacity at the transit points. The interrelated issues of insufficient staff and infrastructure, including limited access to support services such as banks have meant that border stations cannot satisfactorily address the customs needs of their operators. The strong link of delays to corruption means that as a customs issue it provides great opportunity for corruption, largely evident in Tanzania, given that CFAs are willing to pay a bribe to have their goods cleared without hassle. It is worth mentioning that delays have a considerable cost factor to CFAs because customs hold-ups which go past the grace period is liable to surcharged cost.

Corruption: The fact that bribery is a deep-seated practice is not doubtful. Almost one-third -28% of all shipments were subjected to bribery, with country results showing that some countries, notably in Tanzania, are more disadvantaged. Bribery as a ‘culture’ was found to be entrenched to the extent that actions have found acceptability among citizens. It is similarly worthy to note that almost one-third – 29%, of all bribery incidences are instigated by the CFAS.

Technical inadequacy of the agents: To a reasonable extent, corruption at the transit points may be attributed to the incompetence on the part of the CFAs. This manifests in form of lack of required documents or wrongly filled documents. Results indicate that the issue of documentation was one of the main reasons why bribes were paid.

Recommendations

Based on the above observations, it is our belief that the following propositions and action plans would be suitable measures for the transit points:

- ❖ Reducing opportunities for corruption – This requires that ways are found to streamline and simplify clearance procedures. The cumbersome clearance process, in terms of the number of documents or officials that need to be consulted to a large

extent promotes corruption by creating unnecessary delays. One of the most plausible solutions of mitigating the problem, as suggested by a respondent is a ‘one-stop shop’ where minimal the numbers of officials handle clearance documents.

- ✧ Code of conduct- it is necessary that both COs and CFAs adhere to a professional code of conduct. While it is evident that the requirement for CFAs to have professional qualifications is a less favored measure, establishing a code of conduct that would promote professionalism, a measure, which recorded high approval rating among CFAs, would nevertheless be useful. This should among other things set standards for customs clearance in terms of duration as well as making a provision for appeals for customs decisions
- ✧ Harmonization of the regions customs process- the suggestion to harmonize the customs process in the region, through a customs union was a suggestion that was advanced in a previous related study²⁵. The fact that clearance is more than a one country affair makes it necessary that efficiency is enhanced across all countries. Given that a number of CFAs do actually operate from both sides of the border, it is only reasonable that the customs administrations adopt a joint approach, particularly in respect to bond requirements, entailing that bonds obtained in one country should well be applicable in another. Secondly, increased coordination between authorities of the two sides of the border is likely to be a cost effective initiative but effectual way of enhancing clearance across two countries.
- ✧ CFAs workshops – it is essential to build the technical capacities of the CFAs to effectively handle the documentation procedure necessary for clearance. Customs officials interviewed cited incompetence on the part of the CFAs as one of the problems they experience with the CFAs. A plausible solution would be to organize workshops for the purpose of enhancing the skills of the CFAs.
- ✧ Anti-corruption communication – There is need for institution and candid communication of an anti-corruption drive (akin to KPA’s integrity initiative²⁶). Among open approach to communicating corruption is a significant way of dismissing the line of thought that corruption cannot be eliminated.
- ✧ Capacity enhancement – during fieldwork, it was evident that a number of transit points are poorly equipped in terms infrastructure. As evident in the study findings, challenges related to infrastructure are broad. We can classify them as ‘internal elements’ – those that have to do with lack of or inadequate facilities within the

²⁵ UON (2003): The study suggested for introduction of a common customs bond, which would make a bond obtained in one county applicable in another.

²⁶ The KPA integrity initiative was among other things intended to facilitate communication on the Authority’s anti-corruption initiative: Source; TI (2003) –KPA- PSIP.

border stations (such as communication, electricity, water) and ‘external elements’ – those complement or provide support services (such as banks). Taking this into consideration, it is essential that the question of enhancing infrastructural capacities (both internal and external) of the transit points can therefore effectively be tackled through the involvement of various stakeholders – government, CFAs organization, private sector investors and so on.

Discussion

Following the conclusion of the study, the findings were presented to the stakeholders, who comprised FEAFFA officials from the region as well as USAID representatives. In tandem with the study themes, the salient issues emerging from the discussions, based on study findings may be summed up as follows:

Delays: In line with the study findings, there was broad consensus that among stakeholders that delay issue at customs borders. However, the conclusion in respect to number of days it takes to clear goods at some of the transit points, notably Dar-es-Salaam, attracted mixed views, with a section of the forum mentioning that the duration is relatively shorter, approximately 3 days. Notably, estimates on the duration of clearance were based on the time from when the documents were presented to the customs officials to the time all formalities were accomplished, and this is likely to be subject to the respondent’s interpretation.

Corruption: Among the various clearance procedures, ‘declaration’ was cited as the procedure most prone to corruption. By paying a bribe, CFAs can have their goods under-declared and therefore pay lower tariffs. Further on the issue of corruption, there was an observation that the investigation was confined to the practice of bribery and did not include other form of corrupt practices. There was a general concern about the tendency for clearing and forwarding agencies – (notably in Tanzania) to employing ‘beautiful women’. It was observed that women are used as a way of enhancing their level of influence in the customs offices, which harm the overall role of women in clearing and forwarding business. Future surveys therefore need to broaden the scope on the subject of corruption. Regarding ways of reducing corruption, there were suggestions for the need to establish a code of conduct that binds both operators and service providers.

Technical inadequacy on the part of agents: Members felt that this was largely as a result of the influx of ‘briefcase’ agents. It was observed that briefcase agents generally lack professional skills and are therefore more likely to present inadequate or incorrect documents and therefore more prone to paying bribes. It is anticipated that, a requirement for CFAs to be registered or licensed will go along way into ridding the profession of ‘briefcase’ operators.

Policies and decisions: FEAFPA representatives felt that clearing and forwarding agents, as key stakeholders in the corridor, for the most part are never invited to participate in key decisions and policies touching on customs operations along the corridor. The forum observed that there is a need to make consultation a normal element of the design and implementation of policies and decisions affecting the operations of the corridor by ensuring that all key parties are integrated.

APPENDIX I

STUDY INSTRUMENT I: CFAs QUESTIONNAIRE

Good morning/ afternoon I am ... an interviewer working for Steadman, an independent research company. We are conducting a survey among clearing and forwarding agents, focusing on the challenges they face while transacting business at the border points. The survey is done for a regional programme intended to improve efficiency in operations at the border stations and ports. I would like to assure you that we are only interested in your views and all that we discuss will be kept confidential. May I have some minutes of your time now to ask you some questions?

Let us begin by talking about your work in general.

Q1. As we know, clearance of goods at borders/ports often comes with various problems/challenges. I would like you to mention three problems that you face; starting with the one you consider being the most serious.

Q2. I am now going to read out a list of some of the challenges that face clearing and forwarding agents. For each of the issues that I read out, please tell me the extent to which you generally think this is a problem; whether it is a very big problem, fairly big problem, fairly small problem or not a problem at all?

Delays due to congestion-----
High bond requirements-----
Complicated documentation procedures-----
Lack of necessary documentation on the part of CFAs-----
Too many documents required-----
Slow processing of documents by customs officials-----
Too many officials involved in the approval of documents-----
Insufficient services (i.e. personnel, facilities)-----
High tax/excise duty-----
Corruption-----

Q3. And regarding each of the above issues, please tell me, on a scale of 1 to 10, where 1 means attracts the least and 10 means attracts the most; to what extent are these issues likely to attract a demand for bribe?

Delays due to congestion-----
 High bond requirements-----
 Complicated documentation procedures-----
 Lack of necessary documentation on the part of CFAs-----
 Too many documents required-----
 Slow processing of documents by customs officials-----
 Too many officials involved in the approval of documents-----
 Insufficient services (i.e. personnel, facilities)-----
 High tax/excise duty-----

Q4. To what extent are you concerned about corruption at the border stations/ports; are you very concerned, somewhat concerned, somewhat not concerned or not at all concerned?

Very concerned	Somewhat concerned
Somewhat not concerned	Not at all concerned
Don't know	No response

Q5. Thinking of staff from various government departments who work at the border stations and ports, I would like you to rate, on a scale of 1 to 10 where 1 means not at all involved and 10 means extremely involved the extent to which each of these departments are involved in corruption. Let us start with...

Customs officials -----
 Police officers -----
 Immigration officials -----
 Food/plant health officials -----
 Bureau of standards (Quality control officials) -----
 Port authority officials-----

Q6. In general, in what ways would you say that corruption at the border stations/ports affects you or your business? (**ALLOW UP TO 3 MENTIONS**)

Q7. And what in your view is the **MAIN** cause of corruption at this border point? (**SINGLE MENTION**)

Q8. I am going to read out some of the processes involved in clearance. I would like you to rate, on a scale of 1 to 10 where 1 means not at all prone and 10 means extremely prone the extent to which each of these stages are prone to corruption. Let us start with....

Declaration-----
 Valuation-----
 Bond-----
 Acquittal of bond-----
 Verification/inspection of trucks (for transit cargo) -----
 Change of regime (from transit to domestic use) -----

Q9. With regard to this border point/port, which of the following statements best describes the cases where an official has to be bribed in exchange for a service or for solving a problem? **(TICK)**

a b Both None DK NR

- a) The public official makes a request or hints for payment-----
 b) The offer is made spontaneously by the agent-----
- a) Bribe paid is dependent of the value of consignment-----
 b) The bribe is always a fixed amount-----
- a) The bribe is always paid beforehand-----
 b) The bribe is always paid after the deal-----
- a) Bribe is paid to different officials at each stage of clearance-----
 b) Bribe is paid once to one official to cover all the stages-----
- a) There is cooperation between different public officials manning the border in regard to corruption-----
 b) Each public official manning the border acts independently in regard to issues of corruption-----

Q10. And with regard to corruption at this border station/port, would you say over the last 2 years incidence of corruption is on the increase, decrease or remained the same?

- On the increase
 On the decrease
 Remained the same
 Don't know
 No response

I WOULD NOW LIKE TO ASK YOU A SERIES OF QUESTIONS ON THE LAST 5 TRANSACTIONS (i.e. CONSIGNMENT CLEARANCE) YOU HANDLED ON BEHALF OF CLIENTS AT THIS BORDER /PORT.

Q11 a. Thinking about the last 5 transactions you handled at this border station/port, please tell me the nature of the consignment or the product and in each of these transactions; let us start with the most recent? (CODE UNDER T1 TO T5)

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q11b. From which side of the border did you handle this clearance?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

FOR Q. 12-20 ASK ABOUT ONE TRANSACTION AT A TIME FOR EACH OF THE TRANSACTIONS - T1 TO T5

Q112. Now starting with the most recent transaction (**READ OUT T1**), please tell me the value of this consignment?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q13. Was this consignment intended as transit cargo or for domestic use?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q14. (For transit consignments ask) How long did customs take to process the documents from the time you entered the control area to the time of release?

(For domestic use consignments ask) How long did customs take to process the documents from the time you submitted the declaration to the time of release?

(Days)

T1 _____
 T2 _____
 T3 _____
 T4 _____

Q15. Was this longer than you anticipated?

Yes

No

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q16. (IF NO) Why did it take longer?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q17. What was the actual amount paid for this consignment as tax or as bond?

T1 _____

T2 _____
 T3 _____
 T4 _____
 T5 _____

Q18. Ordinarily what was due as tax or as bond?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q19. And regarding this transaction, did you ever experience a situation when a bribe or other unofficial payment was demanded or implied in order to clear these goods?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q20. (IF YES)What amount was paid in TOTAL as bribe or other unofficial payment?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q21 What reasons made it necessary for you to pay out a bribe?

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q22 From which institution was the person or people who received the bribe? **(MULTIPLE MENTIONS)**

T1 _____
 T2 _____
 T3 _____
 T4 _____
 T5 _____

Q23 (IF ANY GOV'T OFFICIAL MENTIONED ASK) How would you describe the rank of the public official who received the bribe, was he or she senior ranking, middle ranking or junior ranking official? **(MULTIPLE MENTIONS – USE GUIDELINE)**

T1 _____

T2 _____
 T3 _____
 T4 _____
 T5 _____

Q24. Would you know where to report cases of corruption?

Yes..... >Continue

No..... >Go to Q26

Q25. (IF YES) Where would you report?

Q26. And would you report a case of corruption?

Yes..... >Go to Q28 No..... >Continue

Q27. (IF NO) Why won't you report?

Q. 28a In general, what are the consequences of declining to bribe? **(DO NOT READ)**

Denial of service

Denial of required material such as stationery

Delayed service Harassment/threats

Don't know

No response

Others (Specify) _____

Q. 28b On a scale of 1 to 10, where 1 mean do not rely on at all and 10 mean rely on absolutely, to what extent do you or your company rely on these approaches to make easy the process of clearance at this border point?

- i. Using an established network of friends -----
- ii. Using customs middlemen-----
- iii. Paying facilitation money-----
- iv. Established friendship with customs officials-----

Q. 29 Regarding any extra payment made unofficially as facilitation fee, are all your clients aware or only some of the clients aware about these payments?

- i. All clients are aware -----
- ii. Only some of the clients are aware-----

Q.30 And regarding any money spent as facilitation fee, do you always charge it as part of the service fee or the clients pay for it separately?

- i. It is charged as part of the service fee-----
- ii. Client pays for it separately-----

Q.31 I would like to read to you a list of statements concerning corruption in general. For each, please tell me whether you **strongly agree, somewhat agree, somewhat disagree or strongly disagree**. To what extent do you agree with this statement?

Public officials are so poorly paid that they have no choice but to ask people for extra payments----

Paying bribes to public officials or doing favours for them is the only way to get things done-----

Corruption is a culture, so deeply rooted that it is almost impossible to eradicate it. -----

It is ok to give a token of appreciation or a job well done. -----

Q32. And in regard to combating corruption at the borders/ports, on a scale of 1 to 10, where **1** means **will not eliminate at all** and **10** means **will eliminate completely**, please tell me the extent each of these suggestions are likely to reduce corruption. Let us start with.....

1. Having an anti-corruption hotline
2. Requiring clearing agents to have professional qualifications
3. Establishing a code of conduct to promote professional ethics among CFAs
4. Changing policies and procedures that promote corrupt practices
5. Establishing strong relation between border authorities and private operators
6. Blacklisting Clearing and Forwarding companies proved to be involved in corruption
7. Increasing the ability of freight handlers association to oversee the activities at the borders/ports
8. Regular anti-corruption meetings that bring together police, immigration, customs and Private operators
9. Making it easier to appeal against customs decisions
10. Eliminating repeat inspections on both sides of border
11. Increasing operating hours of customs and port authorities

DEMOGRAPHICS

I would like to conclude this interview by asking you some general questions for analysis purposes.

D1. How many years have you conducted business at this border station/port?

D2. Generally, how often do you visit this border station/port? **READ OUT**

Several times daily Once everyday At least once every week At least once every month

- a. To transact new business
- b. To follow up on existing business

D3. Gender (DO NOT ASK)

Male

Female

D4. Into which age group do you fall?

18 to 24 years

25 to 34 years

35 to 44 years

45+ years

Refused to answer

D6. Do you currently hold any qualification related to clearing and forwarding?

Yes

No

Refused to answer

D7. What is your status in this company?

Employee

Owner

Refused to answer

D7. Name of the Organization (i.e. Clearing and forwarding company)

D8. Location/Border station/port where business is located

D9. On average how many consignments do you handle every week?

D10. How many years have you as an individual worked as a clearing and forwarding agent?

D11. Name of the border station/port

D12. Type of border crossing (DO NOT ASK – USE GUIDELINE PROVIDED)

Port

Border category 1

Border category 2

Border category 3

D13. Country of study (TICK ONE)

Kenya

Uganda

Tanzania

Rwanda

Burundi

DR Congo

THANK RESPONDENT AND CLOSE THE INTERVIEW

STUDY INSTRUMENT II: CUSTOMS OFFICIALS QUESTIONNAIRE

Good morning/ afternoon I am ... an interviewer working for Steadman, an independent research company. We are conducting a study for a regional programme intended to assess experiences at different custom stations in different countries. The purpose of this study is to establish ways of improving efficiency at the border stations and ports and this can best be done through such a survey. I would like to assure you that we are only interested in your views and all what we discuss will be kept confidential. May I have about 10 minutes of your time now to ask you some questions?

1. What is the total number of consignments you handle at this station on a weekly basis?

2. Regarding the goods you handle here, are they mostly intended for domestic use, transit or there is an almost equal balance for both domestic use and transit?

Domestic Transit Both NR

3. What problems are you currently experiencing that hinder efficient operations at this station?

4. And in what ways do you think efficiency at this station can be improved?

5. What difficulties do you experience when dealing with clearing and forwarding agents?

6. In a situation where a client has a complaint, what internal mechanisms do you have for addressing the client's issues?

7. What is the number of personnel who work in any capacity as customs official at this station?

8. To what extent do you think corruption is a problem at the border stations/ports, is it a very big problem, fairly big problem, fairly small problem or very small problem?

Very big problem	Fairly big problem
Fairly small problem	Very small problem
DK	RTA

THANK RESPONDENT AND CLOSE INTERVIEW

APPENDIX II

STUDY REFERENCES

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